

ANNUAL REPORT 2018-19



NATIONAL HIGHWAYS AUTHORITY OF INDIA

Ministry of Road Transport and Highways, Government of India

Website: www.nhai.gov.in





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Introduction

1

National Highways Authority of India (NHAI) was constituted by an Act of Parliament in 1988 under the administrative control of the Ministry of Road Transport and Highways. It was set up as a central authority to develop, maintain and manage the National Highways entrusted to it by the Government of India. It became operational in February, 1995.

Before NHAI was constituted, the Central Government was responsible for planning, approval of design, estimates, monitoring, etc., of the National Highways while State PWDs were entrusted with the execution of projects. This resulted in an anomaly as the Central Government had to represent State Governments in various forums despite having no direct administrative control over the executing agency. This anomaly necessitated the creation of NHAI as a statutory body to take over the development and maintenance of the National Highway system in the country.

Functions of NHAI are governed by National Highways Authority of India Act, 1988 and rules framed thereunder while land acquisition for construction of National Highways is governed by National Highways Act, 1956. Other matters related to encroachment and regulating the traffic on the highways, are governed by the Control of National Highways (Land and Traffic) Act, 2002. It has a three-tier structure- the Headquarters (HQ), the Regional Offices (ROs) and the Project Implementation Units (PIUs). The PIUs, headed by Project Directors, are responsible for implementation of projects assigned to them. ROs, headed by a CGM level officer, have been set-up in various parts of the country for decentralizing and strengthening the field level operations in NHAI. The HQ is responsible for overall supervision of the works assigned to NHAI.

NHAI receives its funding through Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue, through loan from multilateral agencies and market borrowings. NHAI is mandated to ensure that all contract awards and procurements conform to the best industry practices with regard to transparency of process, adoption of bid criteria to ensure healthy competition in award of contracts. It is also mandated to secure implementation of projects conform to best quality requirements and the highway system is maintained to ensure best user comfort and convenience.

Since it became operational in 1995, NHAI is vested with 50,329 kms of National Highways for development, maintenance and management. Over the years, NHAI has delivered some of the most iconic projects including India's first smart Expressway- the Eastern Peripheral Expressway and the country's first 14-lane highway, the Delhi-Meerut Expressway. It is also committed towards ensuring time-bound implementation of India's largest ever highway development program, the Bharatmala Pariyojana.

Adopting a business model that rests on outsourcing of specific tasks, the NHAI's focus is on reducing the cost of logistics, providing multimodal and efficient transport, last-mile connectivity and improved existing supply chain infrastructure in the country.

As a multidisciplinary professional body, NHAI is the fulcrum of highways sector in India and plays a catalytic role in the economic and infrastructural development of the country.

Vision

To meet the Nation's need for provision and maintenance of National Highways network to global standards and to meet the user's expectations in the most time-bound and cost-effective manner, within the strategic policy framework set by the Government of India and thus promote economic well-being and quality of life of the people

Mission

- To develop, maintain and manage National Highways vested in it by the Central Government.
- To regulate and control the plying of vehicles on National Highways for its proper management.
- To develop and provide consultancy and construction services in India and abroad, and carry out research activities in relation to the development, maintenance and management of highways or any other facilities thereat.
- Provide such facilities and amenities for the users of the highways vested in, or entrusted to, it as are, in the opinion of the Authority, necessary for the smooth flow of traffic on such highways.
- Construct offices or workshops and establish and maintain hotels, motels, restaurants and rest-rooms at or near the highways vested in or entrusted to it.
- To advise the Central Government on matters relating to highways.
- To assist, on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highway development.

Chairman's Report

3

Greetings to all. It is an honour for me to apprise the stakeholders, about the big strides, the National Highways Authority of India (NHAI) took in 2018-19 while contributing towards India's growth story

In line with its motto "Building a Nation, Not Just Roads", NHAI plays a critical role in the economic and infrastructural development of the country, thereby laying the foundation for rapid and sustained growth of India.

It is no surprise that we are among the fastest highway developers in the world. The highway sector contributed majorly towards India maintaining its position as one of the fastest growing major economies. The significance of this sector can be gauged from the fact that the highways constitute only little over 2% of total road network but cater to 40% of the traffic.

As the driving force of the highway sector, NHAI in FY 2018-19 completed 3,380 km of Highways while 2,222 km of Highways was awarded in the year. In terms of land acquisition, 25,980 Ha was notified and 13,982 Ha was in possession for the year.

As regards the flagship Bharatmala Pariyojana, NHAI has maintained a healthy pace of award and more than 30% of the length is awarded/appraised as of FY 2018-19.

On the finance front too, NHAI performed well and made a successful financial closure of its first project under Toll-Operate-Transfer (TOT) this year. It offered 586 km of National Highways under the second bundle. The first TOT bundle of 9 projects, totaling approximately 681 km of roads was awarded during the year for Rs.9,681 Crore. NHAI also deposited Rs.18,957.05 Crores in Consolidated Fund of India (CFI) during 2018-19 towards user fee collection, revenue share, negative grant and interest thereon.

Continuing its professional approach in building highways, NHAI relied on outsourcing model to harness private sector efficiencies but at the same time remaining accountable to the National Highways users and the Government of India for the quality of service provided by contracted service providers. NHAI has built capacity over the time for efficient procurement and monitoring of contract outputs and services.

This year, the Eastern Peripheral Expressway-India's first smart Expressway was dedicated to the nation. The 6-lane solar powered, greenfield expressway is an engineering marvel. Fully access controlled with cement concrete roads, world class toll plaza, fountains, replica of monuments, 2.5 lakh median plantations and more, the expressway ensures a green, smart and safe drive for lakhs of commuters.

The first phase of India's first 14-lane highway, the Delhi-Meerut Expressway was also inaugurated in the year. This phase of the 100% access controlled, solar powered green expressway was built in a record 18 months, 12 months ahead of schedule.

As a nation builder, NHAI not just constructs roads but links people with possibilities by connecting the hinterlands with heartland and the remote with economic centers.

Along with accomplishing the task of implementing Bharatmala Pariyojana in a time bound manner, the NHAI is committed towards efficient execution of the National Electronic Toll Collection through FASTag.

4

Indian Economy and Road Sector

4.1 Indian Economy

Amid the global economic slowdown, India maintained its run as the fastest growing major economy in the world in 2018-19. Indian economy registered a growth of 6.8 per cent, although it was lower than the 7.2 per cent recorded in 2017-18.

The Indian economy maintained its macroeconomic stability by containing inflation within 4 per cent and by sustaining a manageable current account deficit to GDP ratio. According to the Economic Survey 2018-19, fiscal deficit of the Central Government stood at a 3.4 per cent of GDP for the year while Current Account deficit was 2.6 per cent in April-December 2018.

The trend of growth in FDI inflows continued in services, automobiles and chemicals sectors. Credit to both, large and micro, small and medium enterprises also witnessed pickup in growth. Improved manufacturing and construction activity accelerated the growth in the industry during 2018-19. Non-Performing Assets as percentage of Gross Advances, reduced to 10.1 per cent at end December 2018 from 11.5 per cent at end March 2018. The manufacturing sector was characterized by higher growth in 2018-19.

In terms of ease of doing business, India continues to considerably improve its ranking. India was ranked 77th in 2018 among 190 countries assessed by the World Bank Doing Business Report, 2019.

Backed by strong economic fundamentals and structural reforms being undertaken by the government, outlook of Indian economy appears bright and is projected to grow at 7 per cent in 2019-20. As per the Report of the World Economic Outlook (April 2019)- International Monetary Fund, India's GDP is projected to grow even higher at 7.3 percent in 2019.

4.2 Infrastructure Sector in India

A robust and resilient Infrastructure is fundamental to the growth of the economy and its sectors. Investment in infrastructure sector has a multiplier effect on overall economic growth as it catalyzes industrial growth and manufacturing. Infrastructure sector, as a key driver for the Indian economy, remained robust in 2018-19. According to the Economic Survey-2018-19, eight-core infrastructure supportive industries achieved an overall growth rate of 4.3 per cent during the year, similar to the rate achieved in 2017-18.

Aimed at boosting investment in the infrastructure sector, the government has initiated a host of reforms including strong budgetary support, foreign direct investment up to 100% in road sector, duty free import of high capacity and modern construction equipment. The National Investment and Infrastructure Fund has been created to provide investment opportunities to commercially viable projects. Besides, a Credit Enhancement Fund for infrastructure projects for increasing the credit rating of bonds floated by infrastructure companies is also in the offing.

The focus remains on reducing the cost of logistics, providing multimodal and efficient transport, last-mile connectivity and improved existing supply chain infrastructure in the country. With Bharatmala Pariyojana for highway development and Sagarmala for comprehensive development of India's coastline, navigable waterways and maritime sector, Indian infrastructure sector is steadily heading towards being world class.

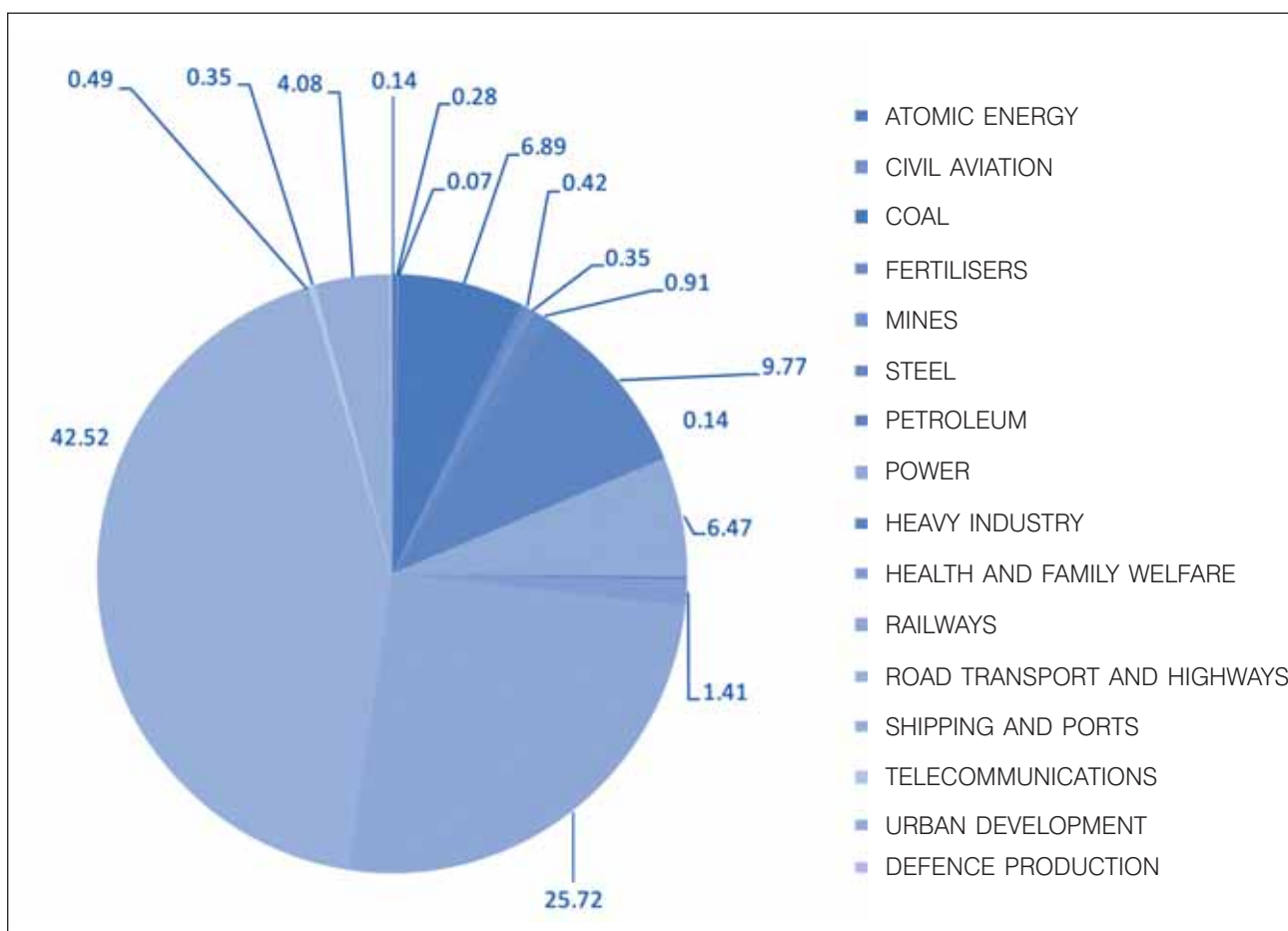
4.3 Road Sector

- 4.3.1 Road transport is considered to be one of the most cost effective and preferred modes of transport, both for freight and passengers as it provides last mile connectivity and penetration in populated areas. A good road network is vital to the economic development and social integration of the country. It provides connectivity to remote areas, accessibility to markets, schools, and hospitals; and opens up backward regions to trade and investment. Roads also play an important role in inter-modal transport development, establishing links with airports, railway stations, and ports.
- 4.3.2 National Highways form the economic backbone of the country and have often facilitated development along their routes with many new towns developing alongside the major highways. It also contributes to generate long-term employment through a large number of small restaurants, inns (known as dhabas) and other amenities along their length. The National Highways facilitate medium and long-distance inter-city passenger and freight traffic across the country. The State Highways are intended to carry the traffic along major centres within the State. Other District Roads and Village Roads provide accessibility to the towns and villages to meet their social needs as also the means to transport agriculture produce from villages to nearby markets. Major District Roads provide the secondary function of linkage between main roads and rural roads.
- 4.3.3 India has the second largest road network in the world after USA. India's road network stands at over 58,97,671 km. This comprises National Highways, Expressways, State Highways, Major District Roads, other District Roads and Village Roads as under;

Particulars	Kms
National Highways/ Expressway	1,32,500
State Highways	*1,56,694
Other Roads	*56,08,477
Total	58,97,671

Source: Ministry of Road Transport & Highways Annual Report for FY 2018-19

- 4.3.4 The Govt. of India lays great emphasis on the road sector to energize the economy. It is evident from the report of Ministry of Statistics and Programme Implementation (MoSPI) which is as follows:



Source: Annual Report of Ministry of Statistics and Programme Implementation (MOSPI), GOI FY 2018-19

- 4.3.5 As shown in the figure above, approximately 42.52 % of total projects under implementation during FY 2018-19 pertained to Road Transport & Highways. These projects are being handled by the Ministry of Road Transport and Highways (Roads Wing), National Highways Authority of India (NHAI), State PWDs, Border Roads Organization (BRO) and the National Highways & Infrastructure Development Corporation Limited (NHIDCL).

5.1 Organisational set up

NHAI has a good mix of permanent officers and officers on deputation. The officers on deputation are drawn from Ministry of Road Transport & Highways, various state PWDs, and other related organisations. While NHAI benefits from the rich experience of the professionals from various departments, it faces challenges as all the employees on deputation may not adjust equally to NHAI's business model. There is also the possible loss of continuity within NHAI as employees on deputation revert back to parent organizations.

NHAI is moving towards increasing the strength of regular officers by inducting technical officers at the level of Deputy Manager through GATE score of IIT. Also, NHAI has been empowered to create all posts up to the level of General Manager to meet its rapidly changing requirements. Such permanent technical employees are allowed to gain experience of both core functions and operational/ corporate planning functions over a period of time to build a core of officers within NHAI that can provide long-term leadership and managerial material for the organization. It facilitates knowledge management and the creation of a long term "institutional memory" without fundamentally altering the outsourcing model.

5.2 NHAI Board

NHAI Board comprises Chairman, 6 full time members and four part time members. The status of the board as on 31.03.2019 is as under:

Full-time Members	Name
Chairman	Shri Nagendra Nath Sinha
Member (Administration)	Shri R.K. Chaturvedi
Member (Finance)	Shri Asheesh Sharma
Member (PPP)	Vacant
Member (Projects)	Shri R. K. Pandey
Member (Projects)	Vacant
Member (Technical)	Shri D.O. Tawade

Part-time Members	Name
Secretary, Department of Expenditure, Ministry of Finance	Shri G.C. Murmu
CEO NITI Aayog	Shri Amitabh Kant
Secretary (RT&H) MoRT&H	Shri Yudhvir Singh Malik
Director General (RD) & SS, MoRT&H	Shri I.K. Pandey

5.3 Human Resource

NHAI is a lean organisation and has a staff strength of 1111 for managing the projects portfolio of more than 55,000 km. NHAI has a three tier system i.e. HQ, Regional Offices and Project Implementation Units (PIUs) for supervising and close monitoring of the projects. Regional Offices have their presence in all the State Capitals where projects are being implemented.

In 2018-19, there are 25 Regional Offices and 180 PIUs in the country and 1 PIU abroad established for expediting the execution of projects. List of Regional Offices and Project Implementation Units is enclosed at Annexure 1.

The total manpower strength of the Authority under various categories as on 31.03.2019 is as under:

Group of post	Present strength of the employees	Regular	Deputation	Contract	SC	ST	OBC	Person with disability
A	678	381	294	3	69	21	151	3
B	314	294	12	8	46	3	84	0
C	119	112	3	4	5	2	40	0
Total	1111	787	309	15	120	26	275	3

5.4 Strengthening of Human Resources:

The provisions of National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996 were amended to attract competent professionals from various sectors to work in NHAI on deputation. For Capacity building of officers/staff of NHAI, employees of NHAI were deputed to prestigious training institutions in India and abroad for various training programmes. Details of training programmes attended by officers/staff of NHAI are given below –

Domestic Training Programmes		Foreign Training Programmes	
No. of Programmes	No. of Officers who have attended the programmes	No. of Programmes	No. of officers who attended the programmes
34	476	20	41

6.1 Bharatmala Pariyojana

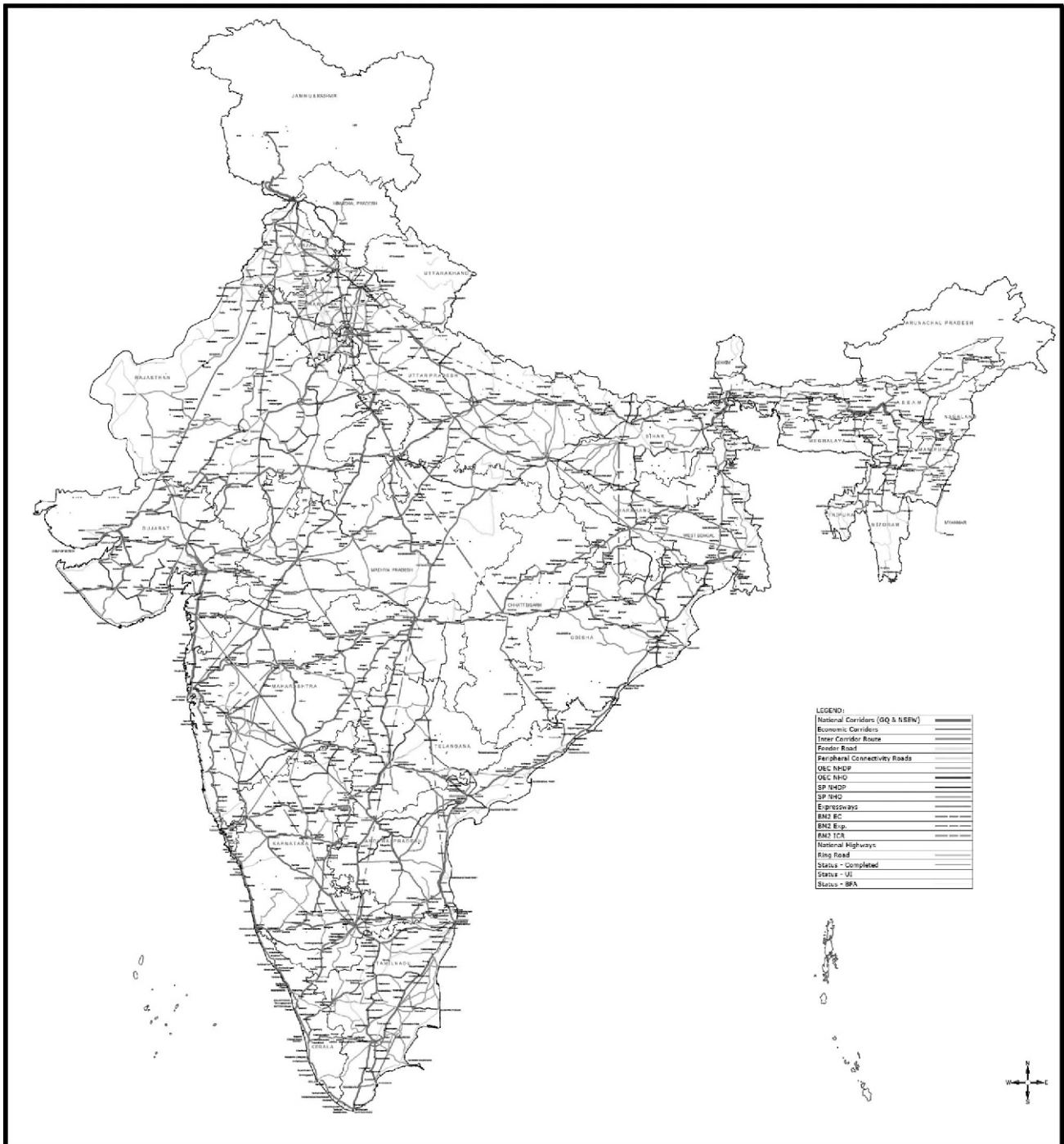
Overview: Bharatmala Pariyojana is the umbrella program for National Highway development focusing on improving the efficiency of road freight and passenger movement across the country by bridging critical infrastructure gaps in the highway infrastructure. Bharatmala network was designed with an objective of enabling corridor-based highway development in the country. It envisages development of 50 Economic Corridors, provide connectivity to 550 districts in the country through NH linkages and improve the average speed of road travel in the country.

The Cabinet Committee on Economic Affairs had approved the implementation Phase 1 of Bharatmala Pariyojana on 24th October 2017. Phase-1 of Bharatmala Pariyojana envisaged a development of a network of 24,800 km of National Highway corridors under Bharatmala Program, in addition to completion of 10,000 km of balance road works under NHDP, taking the total to 34,800.

Bharatmala Pariyojana is being implemented by 3 agencies, namely, the National Highways Authority of India (NHAI), the Roads Wing of the Ministry of Road Transport & Highways (MoRTH) and the National Highways & Infrastructure Development Corporation Limited (NHIDCL). NHAI has a mandate to develop 22,660 km out of the 24,800 km length to be developed under Bharatmala Pariyojana. The component wise breakup of length entrusted to the three implementation agencies is provided in the table below

Sl. No.	Component	CCEA Approval for Bharatmala Phase1 (km)	Length with NHAI (km)	Length with MoRTH (km)	Length with NHIDCL (km)
1	Economic Corridors	9,000	8,000	49	951
2	Inter Corridor Routes	6,000	6,000	-	-
3	Feeder Routes				
4	National Corridors	5,000	5,000	-	-
5	Border & International Connectivity Roads	2,000	860	121	1,019
6	Coastal & Port Connectivity Roads	2,000	2,000	-	-
7	Expressways	800	800	-	-
Total		24,800	22,660	170	1,970

Bharatmala Pariyojana Map



Optimization of Bharatmala Network:

Post the approval of Phase-I of the Bharatmala Pariyojana, based on traffic flow, capacity constraints and development being done by the State Governments, the network was optimized by adding, deleting and modifying certain stretches to provide straighter, shorter and faster connectivity between economic centers. As part of the optimization exercise, relatively straighter greenfield alignments were identified for connecting important economic centers to keep in check high cost of land acquisition, need for rehabilitation and resettlement, need for utility shifting, tree cutting etc. involved in brownfield development of the greenfield

corridors identified as a part of the optimization exercise, ten greenfield corridors have been prioritized due to their economic importance. The details of the ten corridors are as under

Corridor Name	Length in kms
Delhi - Mumbai EXP (Delhi - Vadodara Section)	844
Delhi - Mumbai EXP (Vadodara - Mumbai Section)	433
Amritsar - Bhatinda - Jamnagar (Sangaria - Santhalpur)	762
Ambala - Kotputli (Ismailabad - Narnaul)	227
Delhi - Saharanpur – Dehradun	180
Mumbai - Kolkata (Durg - Raipur - Arang)	92
Raipur – Vishakhapatnam	464
Chittoor – Thatchur	125
Delhi - Amritsar - Katra EXP	500
Chennai – Salem	277

The greenfield alignments would improve connectivity to hitherto unconnected / poorly connected and under developed areas in the country, thereby triggering economic activity in such regions. Green-field alignments would also reduce the overall cost to the economy as compared to brownfield expansion, as the shorter green-field alignments enable significant reduction in capital cost and vehicle operating cost. It is estimated that the greenfield alignments can reduce the vehicle operating cost by 8 to 10%. In addition, to the economic benefits the greenfield corridors, by virtue of their shorter distances would result in considerable fuel savings, thereby reducing the vehicular pollution in the country. Further it would minimize the environment and social impact arising out of the necessity of relocation, tree felling which would be required in a brownfield expansion.

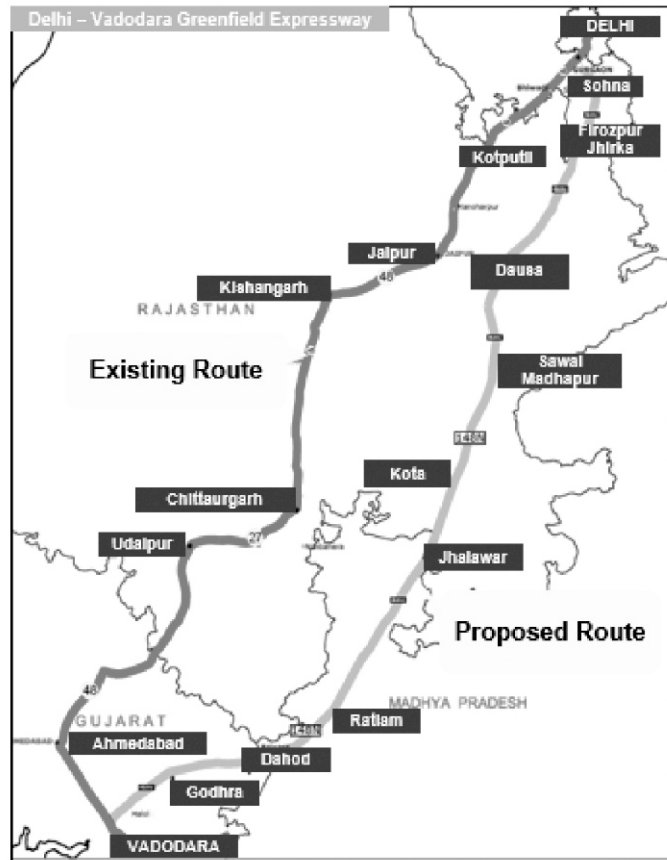
Greenfield corridors would have design specification in line with international standards that would guarantee high speed movement of traffic, improved ride quality, lower maintenance requirement etc. These corridors would have provisions for lane expansion as the traffic grows over the years. In order to improve the over rider experience, the corridors would have Wayside amenities have been planned at every half hour of travel time, with integrated facilities to be built for trucks and passenger vehicles. Trees will be planted along the expressway along with a provision for rainwater harvesting.

In order for the benefits to be realized, these routes would be developed using a corridor approach wherein the entire stretch would be targeted for completion in a time bound manner and sub packages would be developed and completed more or less simultaneously (all packages to be completed within one year of each other)

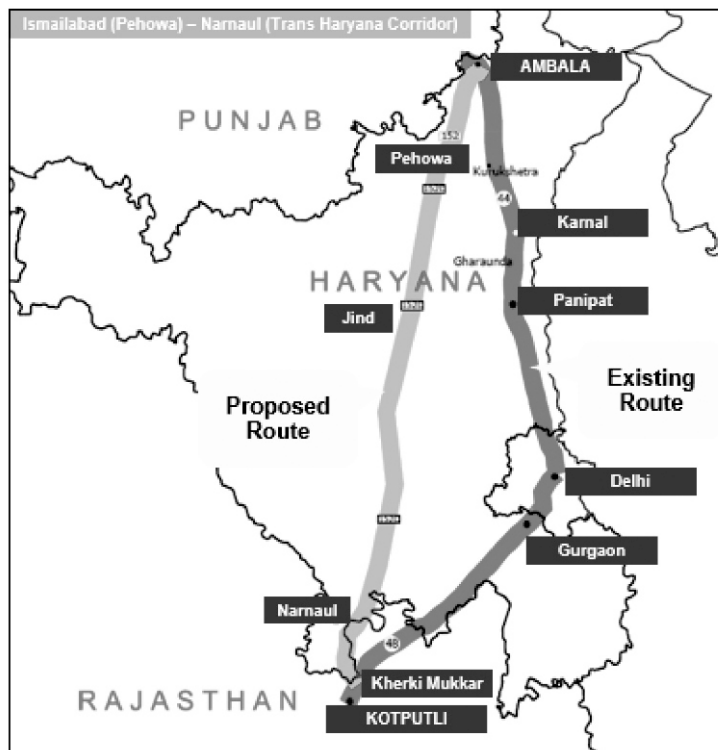
Of these 10 corridors, 3 corridors namely Delhi – Vadodara, Amritsar – Jamnagar, and Ambala – Kotputli are in advances stages and projects have been awarded for the same. The following section details out a few salient features of these corridors.

Salient Features of Delhi – Vadodara Greenfield Corridor: While earlier, the connectivity to Vadodara from Delhi was being provided through the Delhi-Mumbai GQ, a new greenfield alignment was proposed connecting Delhi-Vadodara through a straighter route. The map below shows the comparison between the greenfield alignment with the existing brownfield alignment.

The corridor will be developed with 8 lanes initial development, expandable to 12 lanes. It would have provision for inside widening for future development. It would be a first-of-its-kind in India with perpetual pavement to be used for the corridor, guaranteeing improved ride quality and lower maintenance requirements. The project will be executed in EPC implementation mode. Wayside amenities have been planned at every half hour of travel time, with integrated facilities to be built for trucks and passenger vehicles. Trees will be planted along the expressway along with a provision for rainwater harvesting. It is estimated that the greenfield development would reduce the vehicle operating cost by approximately 10%.



Alignment of the Delhi – Vadodara Expressway



Alignment of Ambala – Kotputli Corridor

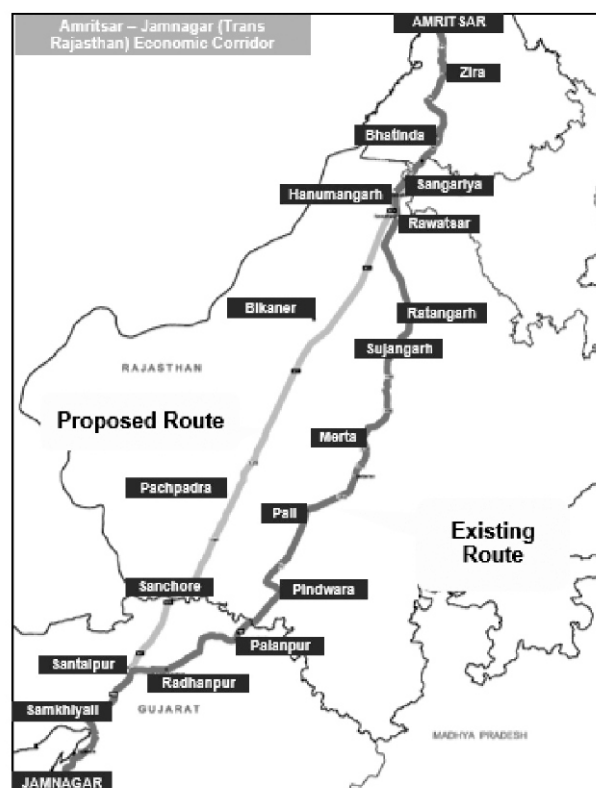
Salient Features of Ambala – Kotputli (Trans Haryana) Corridor: This was proposed as a new route to diverge traffic from the already congested North-South National Corridor for traffic moving southwards from Ambala. Earlier all the major traffic had to be routed through the highly congested Ambala-Delhi route on the North-South Corridor. The new greenfield alignment from Ismailabad (near Pehowa) will provide an alternate route for this traffic as shown below:

The corridor will be developed with 6 lanes without paved shoulder, expandable to 10 lanes. Future widening to 10 lanes on the outer side has been considered in the Typical Cross Section finalized for the project highway. Perpetual pavement to be used, in line with Delhi – Vadodara corridor. The project will be executed in EPC implementation mode. It is estimated that the greenfield development would reduce the vehicle operating cost by approximately 10%.

Salient Features of Amritsar – Jamnagar Corridor:

The optimization of Amritsar-Jamnagar economic corridor through a greenfield alignment from Sangariya (HR/RJ Border) to Santalpur has led to a reduction in need for upgradation of 1,310 km.

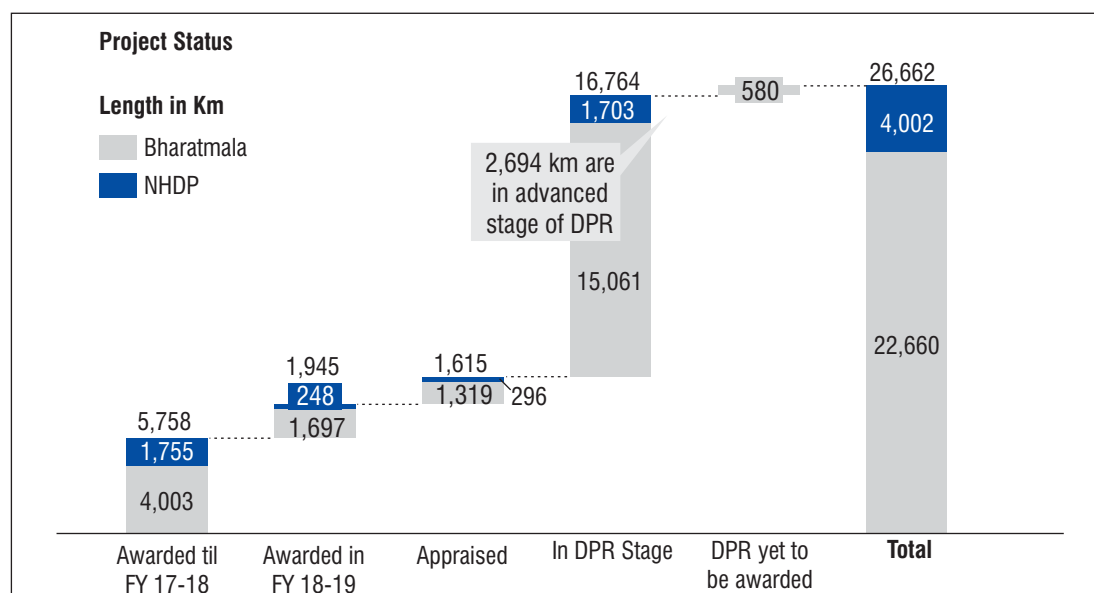
The corridor will be developed with 6 lanes without paved shoulder, expandable to 10 lanes. Future widening to 10 lanes on the outer side has been considered in the Typical Cross Section finalized for the project highway. The corridor would have Flexible pavement and would be implemented in EPC implementation mode, based on financial analysis.



Alignment of Amritsar – Jamnagar Corridor

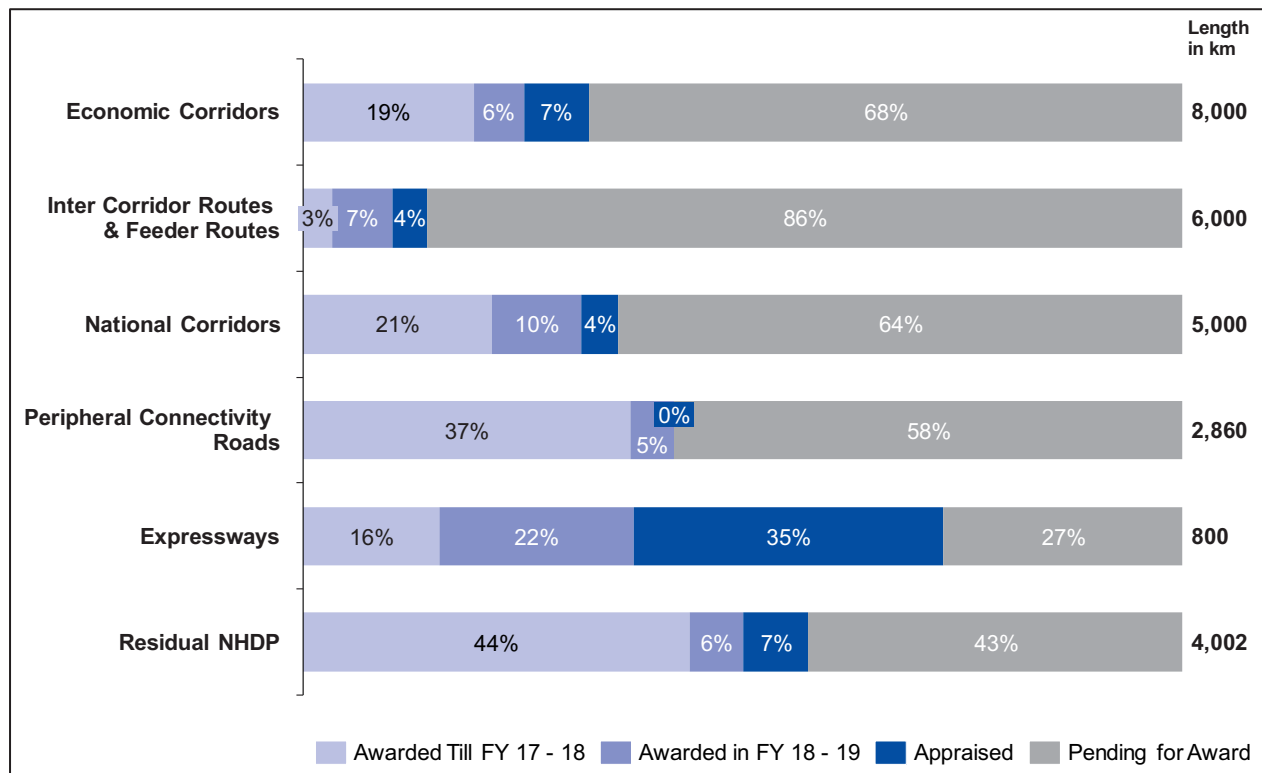
Award of projects under Bharatmala Pariyojana:

A total of length of 5,758 km was awarded by NHAI in FY 17-18, comprising of 4,003 km of projects of Bharatmala Pariyojana and 1,755 km of residual NHDP projects. In addition, 49 projects of length 1,697 km have been awarded by NHAI, under Bharatmala Pariyojana in the FY 18-19. Similarly, out of the 10,000 km approved under residual NHDP in Bharatmala Phase-I, 6 projects of length 248 km have been awarded by NHAI under Bharatmala Pariyojana in FY 18-19. In total, 1,945 km has been awarded by NHAI under Bharatmala Pariyojana including residual NHDP in FY 18-19. In addition to the awarded length, projects with a length of 1,615 km have been appraised and approved. The summary of the progress can be seen in the chart below



As it can be seen that NHAI has maintained a healthy pace of award and more than 30% of the length is awarded/appraised as of FY 18-19. Further DPRs are in progress for the balance length of 16,764 km. DPRs are yet to be awarded for 580 of these 16,764 km, DPR is in advanced stages for 2,694 km (Draft Feasibility Report submitted) of the projects balance for award, bids have been invited for 1,615 km of appraised length and also for 1,748 km of non-appraised projects where DPR is in advances stages which will ensure a robust pipeline for award of projects in the coming years.

The progress of award across the different corridor types can be seen in the chart below



Financial outlay of projects awarded under Bharatmala Pariyojana Phase-I:

Out of the total approved financial outlay of Rs.3,85,000 Crores for projects to be awarded under Bharatmala Pariyojana Phase-I, projects of length 4,003 kms have been awarded till FY 17-18 with a total expected financial outlay of Rs.95,558 Crores. Projects with length of 1,697 km length have been awarded by NHAI in FY 18-19 under Bharatmala Pariyojana, with total expected financial outlay of Rs.48,354 Crore. Similarly, against the approved outlay of Rs.1,50,000 Crores for residual NHDP projects, projects with length 1,755 km have been awarded till FY 17-18 post the approval of Bharatmala Pariyojana with an expected financial outlay of Rs.40,304 Crores. Projects with length 248 km has been awarded in FY 18-19, with total expected financial outlay of Rs.7,957 Crores. A summary of the total capital cost for different corridor types of the Bharatmala Pariyojana Phase-I is given below:

Sr. No.	Type of Corridor	Total Capital Cost for Projects Awarded till FY 17-18 (Rs. Crore)	Total Capital Cost for Projects Awarded in FY 18-19 (Rs. Crore)	Total Capital Cost for Appraised Projects (Rs. Crore)
1	Economic Corridors	42,675	10,574	14,743
2	Inter Corridor Routes	1,144	6,606	3,246
3	Feeder Routes	2,739	1,989	2,606
4	National Corridors	31,782	17,899	8,933
5	Border Roads	4,563		
6	International Connectivity		353	
7	Coastal Roads		1,065	
8	Port Connectivity Roads	1,351	53	
9	Expressways	11,304	9,815	14,209
Bharatmala Total		95,558	48,354	43,737
Residual NHDP		40,304	7,957	2,947
Grand Total		1,35,862	56,310	46,684

Component wise breakup of total capital cost for different corridors of Bharatmala Pariyojana Phase-I

Status of Project Preparation Activities:

In addition to the 7,703 km of projects awarded under Bharatmala Pariyojana till FY 18-19, Detailed Project Reports are currently being prepared for 20,000 km (16,764 km under Bharatmala Phase – I, 3,251 km under Bharatmala Phase - II). These projects shall be prioritized for award based on the project viability (current and induced traffic) and readiness of pre-project preparation activities (land acquisition) The following table gives a corridor type wise view of the DPRs in process:

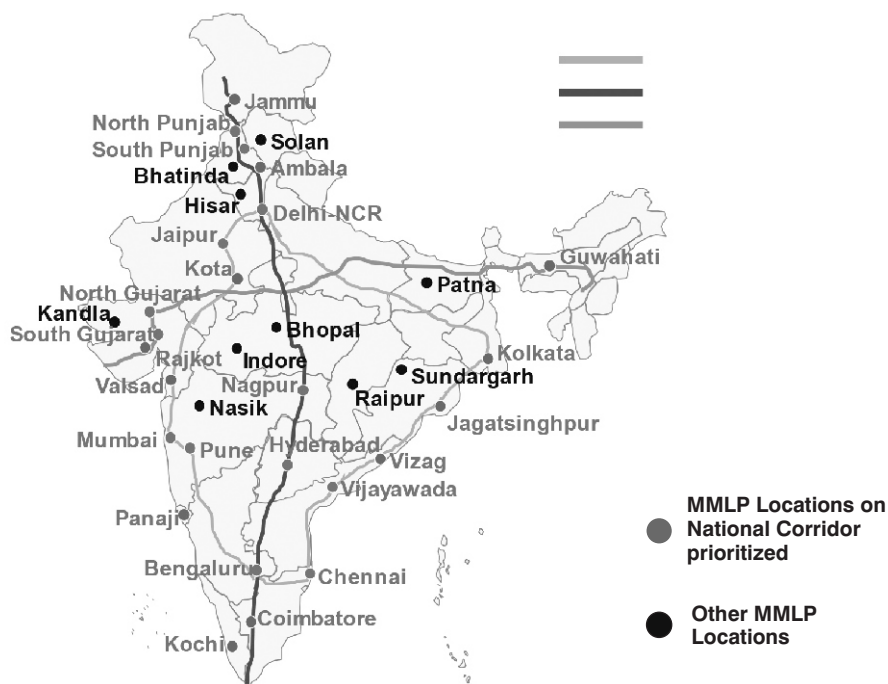
Sr. No.	Type of Corridor	Length (kms)
1	Economic Corridor	7,273
2	Inter Corridor Route	3,440
3	Feeder Route	1,029
4	National Corridor	1,719
5	New National Corridors	1,105
6	Border Road	859
7	International Connectivity	505
8	Coastal Road	1,419
9	Port Connectivity Road	771
10	Expressway	1,894
	Total	20,015

Corridor type wise length of ongoing DPRs under Bharatmala Pariyojana

Multimodal Logistics Parks:

Multimodal Logistics Parks have been conceptualized to act as freight aggregation and disaggregation centers to enable migration to more efficient modes such as higher sized trucks, rail or coastal shipping, thereby decongesting and improving the efficiency of the existing National corridors. A network of 35 Multimodal Logistics Parks had been identified and approved by the Cabinet as a part of the National Corridor Efficiency Enhancement Component of Bharatmala Pariyojana. Of the 35 Multi Modal Logistics Parks, 15 have been identified for development in the Phase-I of Bharatmala Pariyojana of which DPR Consultants have been appointed for MMLPs at Nagpur, Mumbai, Bengaluru, Chennai, Surat, Sangrur, Guwahati (Jogigopha). These MMLPs are in various stages of pre project preparation activities, details of which are provided below

35 Nodes planned for MMLP Development in India



Sr. No.	Location	Status
1	Nagpur	<ul style="list-style-type: none"> Four alternate sites have been identified (DLI Rail Terminal, Borkhedi, one near Borkhedi Industrial Area, one near Bothali and one near Gumgaon) Proposal will be finalized in consultation with State Revenue Department
2	Mumbai	<ul style="list-style-type: none"> Land parcel identified in village Taloli near Bhiwandi. MMRDA approval to be sought for relaxation of FSI norms
3	Bengaluru	<ul style="list-style-type: none"> Land parcel identified in Debbaspete and process for acquisition has been initiated. State government has agreed to provide necessary support for land acquisition for road & rail connectivity Discussion to be initiated with Railway Board to finalize alignment & modality for railway approval

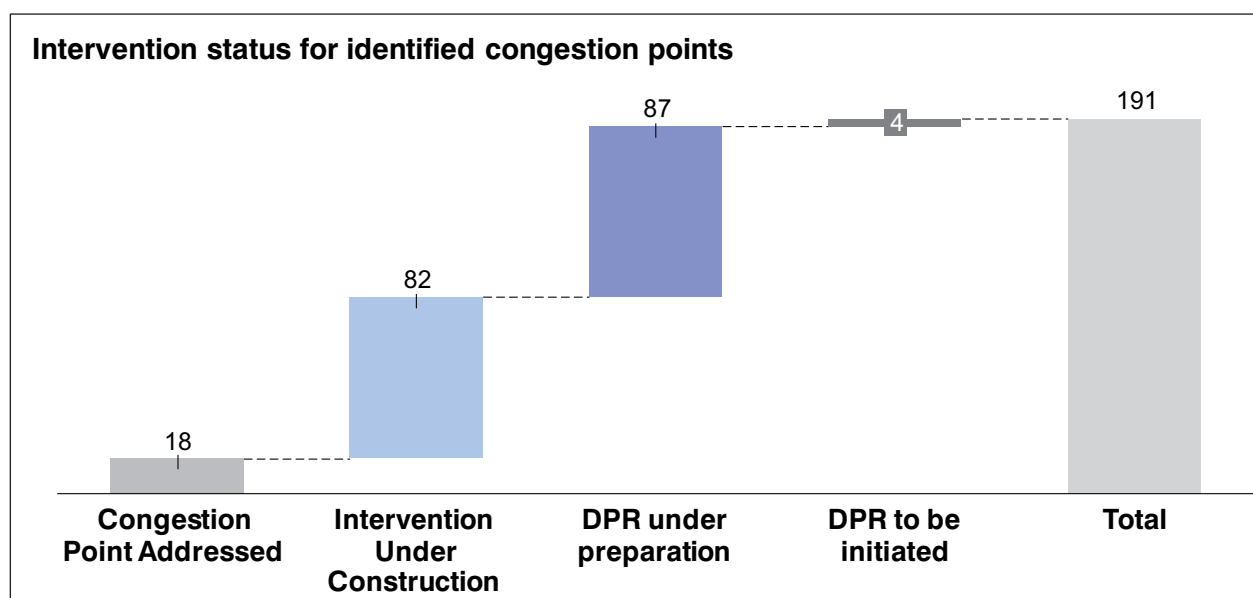
Sr. No.	Location	Status
4	Sangrur	<ul style="list-style-type: none"> Alternate sites will have to be identified since Gharachon site is only 103 acres which is not adequate for a rail connectivity leading to a lack of multi-modality of the site. To assess financial feasibility, market assessment study is being done
5	Chennai	<ul style="list-style-type: none"> Meeting held with Chennai Port Trust (ChPT) on 1st March and in-principle approval received from ChPT for 122 acres of land Modality of land acquisition will be finalized in consultation with Principal Secretary, Tamil Nadu Govt. Discussions will be initiated with Railway Board to finalize alignment & modality for railway approval
6	Surat	<ul style="list-style-type: none"> Land identified in KRIBHCO campus at Limla Meeting will be held with Director (Technical), KRIBHCO

Congestion Points:

It was observed that even on the already developed corridors such as the Golden Quadrilateral and North-South, East-West corridors, and other high density routes, there are multiple points of local congestion hampering the speed of vehicular movement, driven by the interaction of city traffic with the highway traffic. 191 such points of local congestion had been identified on the entire network. These congestion points are being addressed by separating the city traffic from the highway through traffic through development of grade separators, city bypasses, ring roads, etc.

These 191 congestion points are being addressed as a part of several highway projects being executed across the country. Out of the 191 congestion points, interventions have already been completed in 18 congestion points of which interventions for 5 congestion points were completed in FY 2018-19. Interventions are under construction in 82 congestion points. In addition, detailed project reports are being prepared for 87 congestion points. There are 4 congestion points for which the detailed project reports are still to be initiated.

The summary of status of the intervention of the 191 congestion points identified is provided in below –



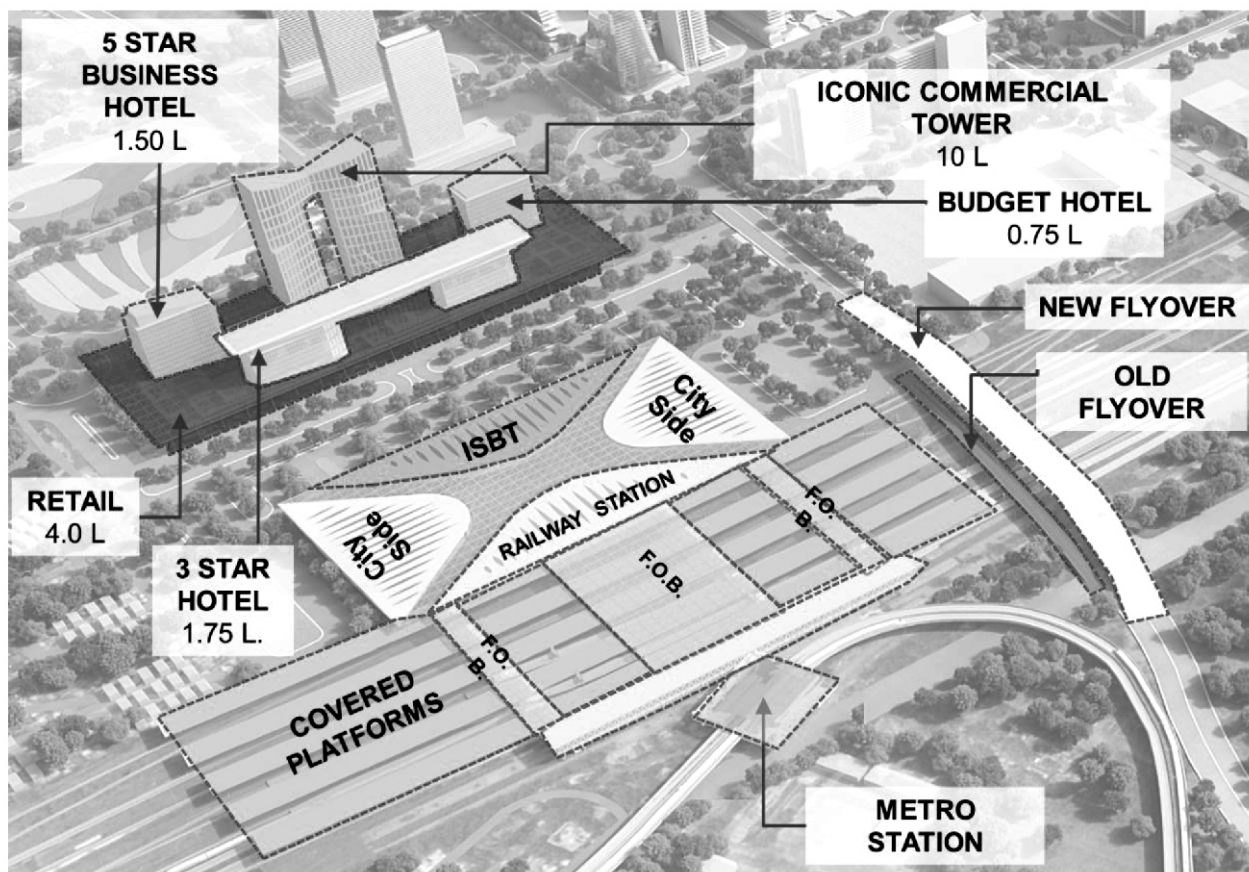
Inter Modal Station

Development of Inter-modal stations for passengers

Inter Modal Stations are conceptualized with a view to address the issue of city congestion arising out of the ever increasing traffic growth and severe under capacity of transport infrastructure. An Inter-modal station is envisioned as a world-class passenger movement facility, to be designed to provide a hub for interfacing and interconnecting a variety of inter-city, regional and local public transport systems, all within a single facility. Development of these stations has two clear benefits of :

- Reducing City congestion: Aggregation of transportation modes in the city can eliminate localized congestion. Further, if these hubs are near national highways or ring roads, they can provide effective city evacuation. Traffic due to transit passengers is largely eliminated.
- Improved passenger convenience: Transits are seamless as various transport modes operate from the same premises. These stations will also provide international standard amenities and cater to needs of a wide passenger demographic.

Inter-modal transportation stations would allow for seamless transit of passengers across modes, aggregation of transportation modes shared & state-of-the-art amenities, connectivity to highways / ring-roads, and mixed use of land. Nagpur has been identified as one of the cities to pilot the intermodal station concept and Ajni Railway station has been identified as the potential site. Detailed report is being prepared for the project. The figure below provides a view on the concept of the proposed intermodal station in Nagpur.



Following key progress has been made for the planned intermodal station in Nagpur:

- i. MoU was signed between NHAI and RLDA and foundation stone was laid on 06.03.2019.
- ii. NIT was issued on 27.02.2019 for development of IMS Nagpur, relocation of railway quarters
- iii. Inter-ministerial steering committee and working committee are being set up with officials from various agencies of MoRTH and Railways, for oversight and guidance on the project.

A site visit will be conducted in May 2019 post which the station building design, master plan, yard plan and relocation plans shall be finalized before commencement of work.

Corridor Efficiency Improvement Study:

As a part of Bharatmala Pariyojana Phase-I, detailed studies are in progress for improving efficiency of National and Economic corridors. In order to do so a study has been initiated across 4 corridors, namely, Pune-Vijayawada, Mumbai-Kolkata, Bangalore-Kanyakumari and Agra-Mumbai. The intent of this exercise is to ensure that the performance of corridors in India match up to best-in-class international standards, a robust corridor rating mechanism has been developed which will focus on evaluating the above corridors on the following 5 factors:

- Mobility and Reliability
- Safety and Ride Comfort
- Incidence Response Management
- User Satisfaction
- Environment

The rating mechanism aims at evaluating the corridors based on the above five parameters and assigning particular scores to each of them based on a set of predefined factors and weightages. The degree of variation of the scores based on the weightages assigned will help NHAI identify corrective measures to improve the corridor performance.

Based on the outcome of the efficiency improvement study, various improvement proposals will be evaluated, and suitable interventions will be made to improve the user experience on the corridors. The interventions will be for capacity enhancement (lane expansion greenfield alignments etc.), improving speed and efficiency (VUP, Flyovers, FOBs,) road safety enhancement (crash barriers, noise barriers, road signs, etc), incident management systems (ATMs, CCTVs etc) and measures to improve user satisfaction (wayside amenities, truck laybys etc.) Depending on the nature of interventions appropriate ownership will be defined (NHAI/concessionaire) to complete the intervention in a timebound fashion.

Once the study is completed for these four corridors, the same will be extended to other corridors to identify and carry out interventions.

Detailed analysis showing the difference between 20 years NPV of vehicle operating cost if the existing alignment was upgraded vis-a-vis development of the greenfield alignment

Delhi - Vadodara EXP	Unit	Existing Alignment	Greenfield Alignment
Length	Kms	979.00	889.00
Average Traffic	PCU per day	66,000.00	35,000.00
PCU per truck	PCU	3.50	3.50
PCU per PV	PCU	1.00	1.00
Number of Trucks per day	#	13,200.00	7,000.00
Number of PVs per day	#	19,800.00	10,500.00
Average Fuel Efficiency of Truck	Kmpl	3.50	3.50
Average Fuel Efficiency of PV	Kmpl	15.00	15.00
Total Fuel Consumed Per Truck per annum	Cr. Litre	134.77	64.90
Total Fuel Consumed Per PV per annum	Cr. Litre	47.17	22.71
Total Fuel Consumed in a Year	Cr. Litre	181.93	87.61
Average Cost of Fuel	Rs. / litre	70.00	70.00
Total Fuel Spend	Rs. Cr.	12,735.42	6,132.77
Non Fuel Spend as a % of Fuel Spend in CV	%	1.22	1.22
Total Non-Fuel Spend	Rs. Cr.	15,565.51	7,495.60
20 Year NPV of Total Vehicle Operating Cost	Rs. Cr.	5,66,018.64	2,72,567.40

Comparison of 20 years NPV of Vehicle Operating Cost if existing alignment is to be upgraded vis-a-vis development of a greenfield alignment

Ambala Kotputli (Trans Haryana)	Unit	Existing Alignment	Greenfield Alignment
Length	Kms	356.00	328.00
Average Traffic	PCU per day	70,000.00	22,500.00
PCU per truck	PCU	3.50	3.50
PCU per PV	PCU	1.00	1.00
Number of Trucks per day	#	14,000.00	4,500.00
Number of PVs per day	#	21,000.00	6,750.00
Average Fuel Efficiency of Truck	kmpl	3.50	3.50
Average Fuel Efficiency of PV	kmpl	15.00	15.00
Total Fuel Consumed Per Truck per annum	Cr. litre	51.98	15.39
Total Fuel Consumed Per PV per annum	Cr. litre	18.19	5.39
Total Fuel Consumed in a Year	Cr. litre	70.17	20.78
Average Cost of Fuel	Rs. / litre	70.00	70.00
Total Fuel Spend	Rs. Cr.	4,911.73	1,454.60
Non-Fuel Spend as a % of Fuel Spend in CV	%	1.22	1.22
Total Non-Fuel Spend	Rs. Cr.	6,003.23	1,777.84
20 Year NPV of Total Vehicle Operating Cost	Rs. Cr.	2,18,299.20	64,648.80

Comparison of 20 year NPV of Vehicle Operating Cost if existing alignment is to be upgraded vis - a - vis development of a greenfield alignment

Amritsar – Jamnagar (Trans Rajasthan)	Unit	Existing Alignment	Greenfield Alignment
Length	Km	1,415.00	1,286.00
Average Traffic	PCU per day	22,500.00	18,150.00
PCU per truck	PCU	3.50	3.50
PCU per PV	PCU	1.00	1.00
Number of Trucks per day	#	4,500.00	3,650.00
Number of PVs per day	#	6,750.00	5,450.00
Average Fuel Efficiency of Truck	kmpl	3.50	3.50
Average Fuel Efficiency of PV	kmpl	15.00	15.00
Total Fuel Consumed Per Truck per annum	Cr. litre	66.40	48.95
Total Fuel Consumed Per PV per annum	Cr. litre	23.24	17.05
Total Fuel Consumed in a Year	Cr. litre	89.65	66.01
Average Cost of Fuel	Rs. / litre	70.00	70.00
Total Fuel Spend	Rs. Cr.	6,275.17	4,620.36
Non Fuel Spend as a % of Fuel Spend in CV	%	1.22	1.22
Total Non-Fuel Spend	Rs. Cr.	7,669.65	5,647.11
20 Year NPV of Total Vehicle Operating Cost	Rs. Cr.	2,78,896.50	2,05,349.43

Some of the Iconic Projects completed in 2018-19

7.1 Eastern Peripheral Expressway

India's first smart Expressway - the Eastern Peripheral Expressway (EPE) was completed in a record time of about 500 days against the scheduled target of 910 days. It is a fully access-controlled six-lane expressway with a closed tolling system. The expressway has a toll plaza equipped with electronic toll collection infrastructure, ITS control system of the entire EPE and a digital art gallery, with holographic models of major structures and making of the EPE. Some of the major features of this expressway include weigh-in-motion equipment at all 30 entry points, solar power on the entire length, rainwater harvesting, drip irrigation and 36 replicas of monuments depicting Indian culture and heritage.

7.2 Delhi-Meerut Expressway

The first phase of India's first 14-lane highway, the Delhi-Meerut Expressway was inaugurated in May 2018. The 8.36 km long phase-I of the project was completed in a record time of 18 months as against the earlier expected construction period of 30 months. This is the first National Highway in the country with 14 lanes and has several features that would help reduce pollution. These include a 2.5-metre-wide cycle track on either side of the highway, a vertical garden on the Yamuna Bridge, solar lighting system and watering of plants through drip irrigation only. The phase-II of the project from UP Border to Dasna, phase-III from Dasna to Hapur and phase-IV from Dasna to Meerut are under construction.

7.3 Varanasi Ring Road Phase-I & Varanasi Airport Road

The 16.55 km Varanasi Ring Road Phase-I was completed at a cost of Rs 759.36 crore and dedicated to the nation in November 2018. The Ring Road once completed will provide a way for traffic on NH 56 (Lucknow-Varanasi), NH 233 (Azamgarh-Varanasi), NH 29 (Gorakhpur-Varanasi) and Ayodhya – Varanasi Highways to bypass Varanasi city. The Ring Road will provide easier and more convenient access to Sarnath, an important site for Buddhist pilgrimage.

The Babatpur Airport Highway links Varanasi to the airport and will go on to Jaunpur, Sultanpur and Lucknow in the state of Uttar Pradesh. It has reduced the travel time from Varanasi to the airport.

Key Operational Highlights

8.1 Project Award & Completion:

NHAI has achieved highest targets in terms of award of projects and length completed in the year 2018-19. A summary of length awarded and length completed since 2006-07 is as follows;

Financial Year	Length Awarded	Length Completed
2006-07	1730	636
2007-08	1234	1684
2008-09	643	2205
2009-10	3359	2693
2010-11	5058	1783
2011-12	6491	2248
2012-13	1116	2844
2013-14	1435	1901
2014-15	3067	1501
2015-16	4344	1988
2016-17	4335	2628
2017-18	7396	3071
2018-19	2222	3380

8.2 Land Acquisition:

Sr. No.	Achievements	2015-16	2016-17	2017-18	2018-19
1	Land notified u/s 3 D (Ha)	6,432	8,303	10,275	25,980
2	Possession (Ha)	9,285	7,491	9,494	13,982

8.3 Collection of user fee:

During the year 2018-19, 2618 Kms (Public Funded: 2044 km and BOT (Toll): 574 km) of completed National Highway sections have been added for tolling. The total length under tolling is 24,997 km. [Public Funded 12,222 km; BOT (Toll) 12,094 km and TOT 681 km]. User Fee (Toll) on 12222 km length/sections completed on Public Funded / BOT (Annuity)/OMT mode involving **236 user fee plazas** is being collected through following four methods:-

OMT Contracts: In this method, the agency selected through competitive bidding is responsible for operation, maintenance and collection of Toll/ User Fee for the stretch, with a right to retain the toll collected against payment of a fixed sum to NHAI over a fixed concession period. 1854 km (comprising of **34 user fee plazas**) have already been handed over to OMT Concessionaires.

Three months Contract based on e-bids: This is a time gap arrangement wherein, toll is collected and retained by the successful bidder (contractor) selected through competitive e-bidding, against payment of a fixed sum to NHAI on daily basis for a period of three months of mobilization of new agency on regular basis whoever is earlier.

One year Contracts based on e-bids: In this method, toll is collected and retained by the successful bidder (contractor), selected through competitive e-bidding, against payment of a fixed sum to NHAI on weekly basis for a period of one year.

Four year Contract based one-bids: In this method, toll is collected and retained by the successful bidder (contractor), selected through competitive e-bidding, against payment of a fixed sum to NHAI on monthly basis in advance for a period of Four year. As on date two projects of Vadodra-Bharuch Section (Mandava toll plaza) and Nagpur-Betul section (Khambara, Milanpur and Patanswangi toll plaza) is awarded on Four year contracts.

8.4 Toll-Operate-Transfer (ToT) Contracts

NHAI has been authorized to monetize public funded NH Projects which are operational and are collecting toll for at least 2 years through the Toll Operate Transfer (ToT) model subject to, approval of the competent authority in MoRTH/NHAI on case to case basis.

TOT model is a new concept for asset recycling to generate more resources for construction of future highways which envisages long-term investment opportunity in the highway sector with O&M obligations with the concessionaire during the concession period of 30 years.

75 numbers of projects were earlier tentatively identified as suitable for ToT and these projects are EPC/BOT (Annuity) stretches with minimum 2 years under tolling. Subsequently due to inclusion of few other stretches the total number of tentatively identified stretches for ToT is now 82.

ToT Bundle-1 comprising of 9 stretches (10 toll plazas) with a total length of 681 Km length in the states of Andhra Pradesh and Gujarat is awarded to M/s Ashoka Buildcon & Maequarie at Rs. 9681 Crores. The details are as under:

Detail of ToT Bundle-1

S. No	Name of Stretch	Length (Kms)	Name of Toll Plaza	Name of SPV
1	Siddhantham to Gundugolanu section (from Km 950 + 542 to Km 1022 + 494) of NH-5 in the State of Andhra Pradesh	71.95	Unguturu	Siddhantham Tollway Private Limited
2	Diwancheruvu to Siddhantham section (from Km 901 + 500 to Km 950 + 542) of NH-5 in the State of Andhra Pradesh	49.04	Eethakota	Diwantham Tollway Private Limited
3	Annavaram to Diwancheruvu section (from Km 830 + 525 to Km 901 + 500) of NH-5 in the State of Andhra Pradesh	70.98	Krishnavaram	Diwancheruvu Tollway Private Limited
4	Ankapalli to Annavaram (Tuni) section (from Km 741 + 255 to Km 830 + 525) of NH-5 in the State of Andhra Pradesh	88.53	Vemapadu	Ankapalli Tollway Private Limited

S. No	Name of Stretch	Length (Kms)	Name of Toll Plaza	Name of SPV
5	Ichchapuram to Narasannapeta section (from Km 484 + 000 to Km 580 + 700) of NH-5 in the State of Andhra Pradesh	96.70	Laxmipuram	Ichchapuram Tollway Private Limited
6	Puintola to Ichchapuram section (from Km 419 + 600 to Km 484 + 000) of NH-5 in the State of Odisha and Andhra Pradesh	64.40	Bellupada	Puintola Tollway Private Limited
7	Bamanbore to Garamore section (from Km 182 + 600 to Km 254 + 537) of NH-8A in the State of Gujarat	71.94	Vaghasia	Bamanbore Tollway Private Limited
8	Garamore to Samakhiyali section (from Km 254 + 537 to Km 306 + 000) of NH-8A in the State of Gujarat	51.46	Surajbari	Garamore Tollway Private Limited
9	Porbandar - Jetpur section (2 Toll Plaza) (from Km 001 + 960 to Km 117 + 600) of NH-8B in the State of Gujarat	115.64	Vanana Town & Dumiyani	Porbandar Jetpur Tollway Private Limited
		680.64		

9.1 Sources of Funds

9.1.1 NHAI receives its funding through:

- (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue;
- (ii) Loan from multilateral agencies, and
- (iii) Market borrowings
- (iv) Borrowing from International market through Masala Bonds by Inaugural international debt offering.

9.1.2 The Sources of Funds during the year 2018-19 are as under:

- (i) A sum of Rs.11,569 Crores in the form of Cess Fund for Capital investment in National Highways from Central Road and Infrastructure Fund, Rs.263.37 Crores for Maintenance of National Highways and Rs.100 Crores for Swachhta Action Plan (SAP) was received by NHAI from Ministry of Road Transport & Highways through Union Budget. No additional budgetary support received for development of National Highways (Original) Works during the current fiscal.
- (ii) NHAI has raised Rs.4,706.35 Crores by way of issue of Capital Gain Tax Exemption Bonds under section 54EC of Income Tax Act, 1961, apart from raising Rs.37,510.40 Crores from domestic Market, LIC, NSSF and a term loan of Rs.19,000.00 crores from SBI.
- (iii) NHAI has deposited a total amount of Rs.18,957.32 Crores in Consolidated Fund of India (CFI) during 2018-19 towards User Fee collection, Revenue share, Negative Grant and interest thereon; against this the Ministry has released Rs.19,251.63 Crores to NHAI through Permanent Bridge Fee Fund (PBFF) as plough back of Toll Remittance made to CFI.

9.2 Achievements:

- (i) Funds to the tune of Rs.4706.35 crores were raised by way of 54EC Bonds during the period reported upon.
- (ii) During the current fiscal NHAI collected Rs.9681.50 crores as concession fee from the award of first bundle of Toll Operate and Transfer (TOT). This amount was deposited in Consolidated Fund of India (CFI) and subsequently ploughed back to NHAI by MoRT&H.
- (iii) The International Credit Ratings i.e. S&P Global and Moody's Investor Services have assigned the rating as BBB- and Baa2 respectively for the issuer (NHA). The rating provided by both the agency is equal to the rating assigned to the sovereign and has not been downgraded.
- (iv) The MTN programme of Rs.25,000 Crores which was listed on London Stock Exchange, Singapore Stock Exchange and India INX during March 2018 is being updated and it is expected that Masala Bond may be raised in March 2020.

9.3 Credit Rating

NHAI has been rated AAA, the highest credit rating, by all the major credit rating agencies such as CRISIL, ICRA, CARE and India Rating for NHAI Borrowing Programme of Rs.62,000 Crores for FY 2018-19. These ratings enable NHAI to borrow funds at competitive rates.

9.4 Following are the Highlights of Financial Performance for FY 2018-19

(Rs. in Crores)

Sources of Funds	2018-19	2017-18
Receipts of Cess	11,569.00	12,429.45
Plough Back of Toll Revenue	9,570.13	8,462.14
Plough back TOT Remittance	9,681.50	-
Additional Budgetary Support	-	4,150.00
Capital Grant (JICA & WB)	-	186.00
Capital Gain Tax Exemption Bonds	4,706.35	6,657.41
Taxable Bonds	17,510.40	20,875.00
Rupee Denominated Offshore (Masala) Bonds	-	3,000.00
Loan from National Small Saving Fund	20,000.00	20,000.00
Term loan from SBI	19,000.00	-
Other Sources/Working capital Changes	5,688.66	3,145.24
Total	97,726.04	78,905.24

Application of Funds	2018-19	2017-18
Land Acquisition	36,047.92	32,142.56
Project Expenditure	40,380.40	30,647.94
Repayment of Loans and Interest thereon	14,612.35	8,946.16
Other Outflow	6,685.37	7,168.58
Total	97,726.04	78,905.24

10

Key Contracting Models

10.1 BOT (Toll)

In BOT (Toll) pattern, the private developers/ operators meets the upfront cost and expenditure on annual maintenance and recovers the entire cost along with the interest from toll collections as per toll policy during the concession period. To increase the viability of projects, a capital grant upto a maximum of 40% is provided by NHAI.

10.2 BOT(Annuity)

In BOT (Annuity) projects, the private sector is required to meet the entire upfront cost and the expenditure on annual maintenance. The concessionaire recovers the entire investment through pre-determined annuity payments by NHAI. Government is responsible for collecting toll revenue and thereby commercial risk is not transferred to the concessionaire.

10.3 Engineering, Procurement and Construction (EPC)

In new Engineering, Procurement and Construction (EPC) model, projects are contracted for a fixed term, fixed time and fixed cost. There is a shift from an item rate construction contract to an EPC (lump sum) contract to minimize time and cost overruns. The Government collects toll revenue after construction period. No commercial risk for the Contractor except maintenance for 4 years of defect liability period.

10.4 Hybrid Annuity Model

HAM assures better risk allocation amongst private concessionaires and NHAI. 40% of bid project cost is payable to the concessionaire by NHAI in five equal instalments linked to project completion milestones and concessionaires shall have to arrange the balance 60% of the bid project cost.

Once the project is completed, the NHAI collect toll and pay annuities till the end of concession period. The toll collection is done by NHAI. For concessionaires, the traffic risk is not associated with them as compared to BOT Toll model. It gives them some comfort level to borrow from the banks.

10.5 Special Purpose Vehicle (SPV) for Port Connectivity

NHAI has taken up development of port connectivity projects by setting up Special Purpose Vehicles (SPVs) wherein NHAI contributes upto 30% of the project cost as equity. The SPVs also have equity participation by port trusts, State Governments or their representative entities.

For improvement of road safety on National Highways, NHAI has taken various steps including rectification of blackspots, conducting road safety audits, road safety awareness campaign, training to field officers, concessionaires and other stakeholders on awareness and sensitization on road safety engineering.

Out of 789 blackspots identified on National Highways during 2011-2014 by Ministry, 506 are under NHAI jurisdiction. 55 blackspots were rectified through long term measures summing up the total blackspots rectified by end of 2018-19 as 250. Another 10 blackspots in different States, having peculiar site characteristics with very high accident rates, were investigated separately giving appropriate design of the rectification measures. During the year, a two days training was conducted by the Road Safety Expert Team for the NHAI Field officers, Concessionaires, Consultants, Contractors, and IE/AE teams engaged in delivery of projects under various Regional Offices of NHAI across the country. This training on Awareness and Sensitization on Road Safety Engineering was attended by 1357 trainees in eighteen trainings sessions conducted at different locations and 49 participants attended the projects specific training on Road Safety Measures in Project Implementation in 2 sessions. These were organized at different locations under the supervision of the respective RO/PD of NHAI. In addition, NHAI nominated 44 officers for workshops on “Road Safety Engineering/Road Safety Audit” conducted by Asian Institute of Transport Development (AITD), New Delhi during 2018-2019. NHAI also nominated 4 officers for International Road Federation (IRF)-India Chapter –Seminar on “Environment Protection and Safety during Construction” held on 13-14th July, 2018. One officer was nominated by NHAI for the Executive Seminar organized by IRF on “Safer roads by Design Engineering Solutions” held on 27-31 August 2018 at Washington D. C. USA.

Road Safety Audit (RSA) is conducted mandatorily in all projects of NHAI at all stages (development, construction and operation) through independent Safety Consultants appointed for the projects. Out of a total of about 55,000 kms of NHs with NHAI, a total of 40,139 km was taken for RSA till March 2019 and audit recommendations for 18,241 km have been complied and implemented. In addition, Road Safety Audit was carried out during the year through Road Safety Expert team for various critical projects, having a total cumulative length of 335 kms.

The 30th Road Safety Week was observed across the entire NHs network under NHAI through field offices of NHAI and the project teams of Concessionaire/ Contractor and IE/AE across the whole country during 4th-10th February, 2019. During the Road Safety Week, ROs/PDs conducted workshops on safety, distributed pamphlets/hand bills to road users at toll plazas on traffic signs/safe driving practices, etc.

12.1 Greater thrust on Information Technology (IT):

Information Technology is crucial for quick communication and collaboration. It is equally important during the planning, monitoring and evaluation process, and hence introduction of IT is one of the major focus areas in NHAI.

NHAI is imbibing the best & latest information technologies in various aspects of highway development and management. In the past, NHAI had used technologies and knowledge management tools to a limited extent, but in last 03 years NHAI has introduced most advance IT tools and applications such as AI (Artificial Intelligence), Drones, Satellite monitoring, GPS- GIS mapping and Electronic Toll Collections effectively with a significant thrust on technology envisaged to be one of the important strategies for NHAI to successfully manage its systems. Therefore, a comprehensive strengthening of the IT system is being carried out. NHAI is planning to create an AI based Data Lake to monitor its project real time using 5D BIM & Digital Twin technology.

12.2 Project Management Information System

Project Monitoring Information System (PMIS) has been developed in-house in National Highways Authority of India (NHAI) is one of the finest project monitoring applications in the highways sector. With the help of this tool, more than 3000 projects of highways construction works, which include pre-construction stages, under construction stages and post-construction (O&M) stages are monitored in very elaborative manner.

PMIS is robust and comprehensive tool equipped with GIS mapping and Mobile application for monitoring Highway projects that covers key operational parameters such as toll, traffic information, Land acquisition, compensation disbursement, clearance proposals etc. The system also provides structured dashboard mechanisms for various levels of authorizations/ levels of authority. PMIS also provides analytical tools for measuring parametric progress of projects.

12.3 E-Procurement System:

In order to improve transparency and accountability, NHAI has switched to e-procurement and e-tendering for all types of projects including BOT since July, 2011. Presently, NHAI is using e-procurement solution, Central Public Procurement Portal (CPPP) developed by National Informatics Centre (NIC) for all tenders of NHAI.

12.4 Central Command Control Centre

A State-of-the-art Central Command Control Centre is functional at NHAI to facilitate decision making based on the analysis of various digital inputs received in ERP/PMIS and then disseminate the relevant information back to the stakeholders. The CCC is to facilitate the following activities:

NHAI is developing a digital Data Lake that provides for a centralized Project Dashboard, live project feed 3D BIM (Building Information Modelling) and Document Management Software. The Software will track the progress of various projects and act a central repository of various documents created during a project lifecycle. The software should identify the level of official accessing the information and automatically display macro and micro level detail related to the project in a convenient easy to use format as per industry standards.

12.5 Modern Survey Techniques for Digital Inventory of National Highways

NHAI is also working on modern techniques for survey and is preparing a digital inventory of various assets. The study shall develop a web-based GIS network of NHAI road network database assets and related inventory. NHAI has already completed pilot data collection of 3000+ kilometres and published RFP for Engagement of Consultant for Highway Pavement Management System for Maintenance of National Highways in India to institutionalize the techniques. The techniques will help NHAI enhance its monitoring and maintenance capabilities, allow for proactive road maintenance, and reduce the overall maintenance costs.

Further, Agencies are being empanelled by NHAI to capture high resolution aerial videos of National Highways using Drones. Following are the key benefits of Drone videography on National Highways:

- i) Status / conditions of highway sections before award of COD
- ii) Monitoring/inspection during execution of highway projects.
- iii) Aerial surveys based on specific requirement of HQ/RO/PIU

12.6 ETC Infrastructure

In order to remove bottlenecks, ensure seamless movement of traffic and collection of user fee, Electronic Toll Collection has been implemented on a pan India basis, using Radio Frequency Identification (RFID) technology. To support the surge in sales, NHAI is also working towards converting all lanes as ETC-enabled lanes. NHAI is also in the process of launching Integrated Toll Management System (ITMS) being developed for quick & real-time settlement of transactions at Toll Plazas.

12.7 FASTag

- NHAI, in partnership with IHMCL, has launched bank neutral FASTags that may be attached to any saving bank account. The FASTags are now available at online platforms like Amazon, petrol pumps, and all Toll Plazas. The 'My FASTag' mobile application has been revamped handle all services related to FASTag like registration, balance update, account linkage, etc. within the app.
- The revenue collection from the program has crossed 30% of total Toll revenues. Other key achievements in the program include:
 - More than 55 lakh FASTags in the market
 - ETC transactions have witnessed a growth of 72% in the current calendar year;
 - The current transactions now stand at more than two crores per month.
 - The total amount of transactions processed via FASTags is now 502 crores, as against the December 2017 amount of 320 crores.

12.8 Network Architecture

New network architecture has been formulated and is under execution at NHAI Headquarter, considering the next stage of services to be offered at Toll plaza and Regional offices which will be connected to the HQ with video, voice and surveillance traffic. Futuristic upgradation of the network is planned with perspective of Network at Core, Distribution and Access Layer having Servers and Storage with adequate security.

12.9 Wi-Fi Zone, New Network and Data Centre

Entire NHA field offices & HQ connected with 100 Mbps MPLS cloud, and is now Wi-Fi zone. Modernization of IT infra, Wi-Fi office and 1 Gbps connectivity are new addition.

12.10 Sukhad Yatra

Interactive mobile Application to empower National Highway users with relevant information inaugurated by Hon'ble Minister of MoRTH, Shri Nitin Gadkari. Key modules includes real-time toll plaza waiting time information, reporting of any highway related incident or provide feedback on Highway quality, exploring highway details and related amenities and purchasing FASTag.

12.11 Innovative Solution for Toll

- Aim to identify new technologies for highway construction and maintenance.
- Key technologies are utilized as:
 - Initiative to charge tolls based on 'Pay as you Use' in progress.
 - Mobile apps being tested for payment based on Bluetooth, Wi-Fi, and related technologies.
 - Near Field Communication card (NFC) at Toll Plazas.

12.12 NHA Website

The NHA website nhai.gov.in is being upgraded with latest features such as Chatbot & CRM and other State of Art features linked with real time display of information and social media. Contemporary outlook of 24x7 website is being maintained.

12.13 Enterprise Resource Planning (ERP) of NHA

EIT/DXC Private Limited has undertaken the project after issuance of award of work by MoRTH. Project started in February 2018. Blue prints of NHA was finalized. The development of ERP, SAP modules are under progress. As part of ERP Implementation in NHA, SAP HR mock of Employee self Service (ESS) & Manager self Service (MSS) for sanction of Leave, Travel & Reimbursements is operational since December, 2018.

12.14 Pilot Project of GPS/GSM Based Toll Collection System

NHA is conducting a pilot study to test feasibility of distance based free flow tolling system using GPS Technology on Delhi-Mumbai corridor of 1419 kms. The study is checking the ground feasibility of Hon'ble PM's vision of "Pay as you use Concept" i.e. distance based free flow tolling using latest technologies. If found successful, this can be an advanced electronic tolling solution for free flow movement of the vehicles on National Highways suitable to Indian social-political-geographical conditions as there will not be any requirement of physical Toll Plaza Structure. The tolling can be carried out using GPS system.

Challenges and Remedial Measures

13

13.1 Financial Closure Impediments:

Lack of Equity and over-leveraged Balance sheets of the developers: Most developers have significantly leveraged their balance sheets in anticipation of high levels of growth. The economic downturn seen in the last few years has resulted in revenue realization at a much lower rate than what was anticipated. Many developers have taken significant future obligations which creates difficulties in debt servicing.

Stress on the existing road infrastructure loan portfolios of Financial Institutions: Reduced revenue realization due to economic slowdown is affecting the debt servicing ability of the concessionaires. Often the concessionaire is unable to service the debt and has to propose restructuring of the debt to the lenders. While the first restructuring exercise is permitted by lenders without any adverse asset classifications, any subsequent exercise automatically affects the assets classification in the books of its lenders leading to disproportionately high level of NPAs.

Mismatch between project and debt duration: The current practice of financing large infrastructure projects is based on revenue streams spread over 20 to 30 years. For a project with a debt that spans over 10 to 15 year tenure period, this leads to sustainability issues and a consequent asset liability mismatch.

Sector exposure norms of Financial Institutions getting exhausted: With the debt obligations mounting on account of debt repayment deferment, FI's exposure to this sector has increased significantly, reaching defined exposure norms for the sector.

Delayed Projects: A number of projects are stuck or delayed turning many bank loans into NPAs and further constraining the banks' lending to such infrastructure projects.

13.2 Regulatory Impediments:

13.2.1 Acquisition of Land (LA):

With the promulgation of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act), affected landowners have, in some cases, refused to hand over possession of land and have demanded higher compensation even in cases where land acquisition was completed before promulgation of the Act. Large quantum of litigation seeking enhanced compensation has affected project schedules.

- Due to provisions of the new Act, land has become costly and land cost in some cases is more than project cost.
- Legal challenges to some provisions of the National Highways Act, 1956 (NH Act) which deny payment of Solatium and Interest as admissible under the Land Acquisition Act, 1894, have resulted in substantial financial implication, besides causing delays in project implementation.
- Competent Authorities for Land Acquisition (CALAs), who acquire land for highway-development projects are State Government officials. They accord low priority to land acquisition for NHAI vis-a-vis their regular official duties, and they also lack adequate infrastructure for expeditious acquisition of land.

13.2.2 Approval for shifting of utilities:

This requires close interaction and supervision of State level entities managing utilities such as power distribution, water supply, sewerage etc. In certain cases, projects have been inordinately delayed on account of such utilities not extending the required timely cooperation for shifting of utilities from the corridors.

13.2.3 Judicial Interventions and action by other Ministries and State Governments:

National Green Tribunal abruptly stopped mining of sand. This resulted in the prices of sand shooting to extremely high levels. A similar handicap was faced when restrictions were placed on the mining of aggregates and on soil borrows by many State Governments.

13.3 Removal of Impediments and Measures for Operational efficiency:

13.3.1 Project Preparation:

Going forward, NHA has decided to restrict the award of the projects until all regulatory approvals are obtained for the project and the minimum required land is available in possession to avoid post-bid delays and litigations.

13.3.2 Approvals for Railway Over Bridges (ROBs) / Railway Under Bridges (RUBs), General Approval Drawings (GADs), etc.:

To avoid delay in GAD from Railways, an MOU has been signed between MoRTH and Ministry of Railways on 10.11.2014. Time line of 60 days for GAD approval is proposed and various charges imposed by Railway has been waived off. After signing of this GAD approval became easier and fast. In this regard during year 2018-2019 total 40 number of GAD proposal of ROBs/RUBs of NHA has been approved.

13.3.3 Simplification of process of Environment and Forest Clearance:

MoEF&CC vide OM dated 19.03.2013, Circular dated 20.08.2014 and Gazette Notification dated 10.10.2014 simplified the statutory clearance process of linear projects. The details are as under:

- i) De-linking of environment and forest clearance- Consideration of projects for grant of environment clearances under EIA Notification 2006, which involve forest land- Procedure to be followed (OM dated 19.03.2013);
- ii) Decentralisation of forest clearance of linear projects by constitution of Regional Empowered Committee (REC) in 10 Regional Offices of MOEF&CC;
- iii) De-linking of grant of forest clearance from the clearance of Standing Committee of Wildlife (Circular dated 20.08.2014).

13.3.4 Shifting of utilities:

System of identification of utilities requiring shifting has been digitized by way of mandatory survey at the stage of preparation of detailed project report through ground penetration radars for timely identification. System of approval of estimates for utility shifting has been streamlined with delegation to field officers for timely utility shifting.

13.3.5 Measures Facilitating Investment:

13.3.5.1 Loans to Highway Projects classified as “secured” by Lenders:

At NHA's initiative, Reserve Bank of India has effected a policy shift mandating that

the Financial Institutions now consider loans to Highway Projects as secured loan to the extent covered by termination payment provisions under the Concession Agreement. Due to this changed classification, the road sector projects will not be able to access debt funds from a larger pool for secured loans (as against the restricted pool available for unsecured loans) and also get the benefit of lesser interest rates.

13.3.5.2 Refinancing/restructuring loan:

NHAI is actively supporting refinancing /restructuring of loans. The Authority has decided that in refinancing /restructuring of the loan, where there is no increase in the overall liability of NHAI (though, it may differ on any particular date as per the revised repayment schedule), should actively supported. During 2018-19, 13 projects were refinanced to the extent of Rs.11,403 Crores (Outstanding senior debt) and Rs.2,786 Crore (additional debt) by the banks.

13.3.5.3 Equity Divestment:

During 2015-16, the cabinet Committee on Economic affairs (CCEA) approved the proposal for permitting 100% Equity divestment after Two years of construction completion for all BOT projects. Accordingly, 1 Projects, 100% equity divestment was permitted during the period under report i.e. F.Y 2018-19.

13.3.5.4 Infrastructure Debt Fund:

The infrastructure Debt fund created as a step towards easing the burden for the banks. During 2018-19, 3 projects were approved for IDF Funding of Rs. 2527 Crore.

13.3.5.5 Premium Rescheduling:

To ensure that project execution does not suffer due to cash flow constraints, an Expert Committee was constituted by the Central Government, on the proposal made by NHAI, and rescheduling of premium was approved, which is being made available to concessionaire which have a revenue shortfall. Till 31st March, 2019, 25 projects were considered and approved by the Board of NHAI for grant deferment of premium. In all, these 25 proposals involve deferment of premium for a total value of Rs.10,937.68 Crore. The period during which such deferment has been considered spans FY 2015 to FY 2031, with the deferment granted during FY19 amounting to Rs.21.21 Crores(Deferment in respect of one project was revised to 118.08 Crores from 96.87 Crores). This facility should provide breathing space to cash constrained Concessionaire.

13.3.5.6 One-time fund infusion

One-time fund infusion is to revive and physically complete languishing projects under the extension provision available for BOT(Toll) & BOT (Annuity) projects. Ensure completion of project giving respite to bankers. Solution for financially stressed projects.

13.3.5.7 Harmonious Substitution In view of the difficulties faced by Concessionaire in Public-Private-Partnership (PPP Projects), Government has decided to permit the substitution of existing concessionaires or the selected bidder /consortium Members of such project SPV, in a harmonious manner, in accordance with the

provisions of clause 40.3 of the Model Concession Agreement read with the Substitution Agreement. The scheme of Harmonious Substitution was circulated vide NHAI circular no. NHAI/11033/ CGM (FA)/4/2014 dated 29.01.2014. During 2018-19 two cases of Harmonious Substitution were approved by NHAI Board.

13.3.5.8 Hybrid Annuity Mode:

A new PPP mode i.e. Hybrid Annuity Mode (HAM) was introduced whereby NHAI bears 40% of the Project Cost besides providing semi-annual Annuities for 15 years during operation and maintenance period.

13.6 Dispute Resolution:

NHAI has made efforts for dispute resolution through the established mechanism of Alternate Dispute Resolution through three tier stages of (i) 3-CGMs committees, (ii) Independent Settlement Advisory Committee (ISAC) and (iii) Executive Committee / Board of NHAI for settlement/conciliation of disputes. As a result, the claims amounting to Rs. 66.81 Crores were settled for an amount of Rs. 48.26 Crores during the year 2018-19.

NHAI on 02.06.2017 established two Conciliation Committees of Independent Experts (CCIE) for amicable settlement of disputes. During the year 2017-18, 10 number of cases was referred out of which none have been settled successfully. For the year 2018-19, 26 cases were dealt by the CCIE out of which 8 cases were settled successfully for Rs.1,244.87 Crores against the claim amount of Rs.3,018.67 Crores. Balance unsettled cases are spilled over to year 2019-20.

13.7 Society for Affordable Redressal of Disputes (SAROD):

- i. NHAI, in association with National Highways Builders Federation (NHBF), has formed an institution for the speedy and affordable redressal of disputes called as the Society for Affordable Redressal of Disputes (SAROD) registered under the Societies Registration Act, 1860. It provides a forum for dispute resolution at reasonable cost. Provision for mandatory application of this mode of dispute resolution has also been incorporated in the Model Concession Agreement (MCA). There are four (4) categories of members namely Founding Member, Primary Member, Associate Member and Honorary Member. The apex body of the Society is General Body which comprises of all the members of Society and the general administration is handled by the Governing Body assisted by a Secretariat.
- ii. As on 31st March 2019, there are 37 Primary Members and 5 Associate Members of SAROD. There are forty (40) cases referred under SAROD Arbitration Rules as on 31st March 2019 out of which 16 cases have been awarded, 2 cases have been settled out of court and 22 cases are at various stages of adjudication.
- iii. To streamline and improve operational efficiency of Secretariat, advisory guidelines have been issued with the approval of the Governing Body to all the members. Further, a new website has been created namely "Arbitration Information Management System".
- iv. In an endeavor to make paperless functioning, a software is being developed internally which would facilitate all the stakeholders in terms of filing application for Arbitration, selection of Arbitrators, uploading of minutes etc. and would also act as repository of all previous Arbitral Awards for reference.

14.1 Improvement in Toll Collection:

- (a) Electronic Toll Collection (ETC) was rolled out across the country on 25th April 2016. In order to enhance the adoption of interoperability toll payment; Ministry of Road Transport & Highways (MoRTH), along with the National Highways Authority of India (NHAI) had re-launched the National Electronic Toll Payment System (NETC) based on RFID technology at all National Toll Plazas on 3rd December, 2016 with inclusion of multiple issues and multiple acquirers bank model incorporating NPCI (National Payment Corporation of India) as CCH (Central Clearing House).
- (b) FASTag is a device that employs Radio Frequency Identification (RFID) technology for making toll payments directly from the prepaid or savings account linked to it. It is affixed on the windscreen of a vehicle and enables one to drive non-stop through the toll plazas without any hassle of cash transactions. The tag can be purchased from Tag issuers and can be recharged as per the user's requirement.
- (c) Indian Highway Management Company Limited (IHMCL), a company formed in association with select financial institutions & developers/ promoters of concessionaires under the Companies Act, 1956 with equity participation from NHAI (25%), Concessionaires (50%) and Financial Institutions (25%), is actively involved in implementation of ETC. 392 toll plazas (122 Public Funded & 270 PPP) across the country have been enabled with ETC and 16,33,868 RFID tags have been issued.

14.2 CCTV Surveillance System

Going forward, IP (Internet Protocol) based CCTV Surveillance Systems has been installed at toll plazas. The CCTV system is being used to monitor the tolling lane area. A control centre equipped with Video Wall for online monitoring of Video feeds from all toll plazas has been established at NHAI Head Quarter.

14.3 Implementation of Automatic Vehicle Counter & Classifier (AVCC) System at Toll Plazas

AVCC System to provide classification and counting of vehicles passing through the lanes has been installed at NHAI toll plazas. Toll Management System checks AVCC class and classification entered by the Toll Collector. If there is a mismatch, the Lane Camera captures a digital image of the vehicle together with details of the class discrepancy message, transaction number with its date and time, lane number and toll collector. The image and discrepancy information is communicated to the supervisory console for further processing by the toll supervision staff. Data on counting and classification can also be accessed remotely.

15.1 Decentralised decision making process:

- (i) Regional Officers and Project Directors in the field have been further delegated financial powers for quick decision making to expedite the project implementation.
- (ii) Standard guidelines and procedures have been formulated to expedite Land Acquisition and Utility Shifting.
- (iii) Regional Officers are empowered to augment the Human Resources required at the field level by hiring retired Central/ State Government Officials and private personnel through the outsourcing agencies.
- (iv) Video Conferencing facility is also introduced in all Regional Offices for regular reviews and interaction with the Headquarters to expedite the decision making process.
- (v) Regional Officers have been made the nodal officers and the Convener of the High Powered Committees chaired by the Chief Secretary of the concerned States to sort out the local issues for expediting the preconstruction activities like Land Acquisition and Environment Clearances etc.

15.2 Improvement in Planning and Execution Process:

- a) In order to ensure better riding quality of National highways constructed under EPC mode, the maintenance criteria as part of obligations of the Contractor during the Defect Liability Period has been crucially altered with emphasis on better performance parameters & desired level of services. The Defect Liability Period has been also enhanced to 5/10 years, from existing 4 years, depending on the nature of pavement.
- b) The RFP for Authority Engineer/ Independent Engineer/ Supervision Consultant for projects under implementation/ O&M Phase have been modified to include equipment based monitoring of National Highways which would help improve the life of pavements with better riding quality.
- c) The provisions to ensure dedicated key personnel of Authority Engineer/ Independent Engineer, engaged for projects under implementation and O&M phase, during the currency of the works have been adopted.
- d) To encourage usage of less explored technologies & processes, research studies have been assigned to IITs for laboratory/ field trials and these technologies may be adopted in road construction based on recommendations from these institutions. Further, the trial stretches for use of various unconventional materials/ waste plastic etc. have been also identified to assess/ demonstrate long term performance of National Highways.

15.3 Focus on a network-wise approach for managing the highways under its purview:

An integrated approach focusing on an entire network rather than the operational aspects of individual highway stretches is a key strategy area for NHAI which includes asset management, revenue management, road safety, security management, traffic management etc.

15.4 Wayside Amenities

NHAI is developing Wayside amenities along national highways to provide rest and refreshment for highway commuters. These facilities are classified in two categories:

Highway Nest (Mini) - 118 nos. of Nest Mini facilities have been developed near toll plazas approx. 200 meters downstream providing facilities of toilets, Water ATMs, small kiosk having tea/coffee vending machine and packaged food.

Way Side Amenities (WSA) – These facilities are being developed on NH land under PPP model at an interval of approx. 50 km on National Highways. After construction, the concessionaires will operate & maintain for concession period of upto 30 years. Bids have been received for 21 sites.

15.5 Incident Management

NHAI is in the process of introducing Advanced Integrated Incident Management System on entire National Highway stretches.

In January 2018 the EC decided on authorising all ROs to liaison with Health Department of State Governments for engaging Ambulances, Tow Away Cranes and Patrol Vehicles for improving incident management services on National Highway stretches of NHAI.

15.6 Swachh Bharat Mission

- Display of Swachhata message and discouraging littering through hoardings at 1180 places.
- Installation of dustbins at 2144 nos. on each lane of toll plazas on National Highways.
- Constructions of toilets: to achieve the objective of providing the road users with hygienic toilets facility under Swachh Bharat Abhiyan 608 no. of ladies toilets and 609 nos. of gents toilets have been constructed on upside and downside of the toll plazas along National Highways upto 31.03.2019 and 201 nos. of ladies and gents toilets are under progress.
- Organising the Swachhata Hi Sewa & Swachhata Pakhwada through-out the country on 15 Sep 2018 to 2 Oct 2018 and 01 Jan 2019 to 15 Jan 2019 respectively during which various activities have been under taken at all the toll plazas along National Highways.

15.7 Other initiatives

To increase the awareness among road users Highway Advisory Services Phase-II was executed, under which following activities were performed

- On 12 NH stretches road safety awareness contract along with live traffic updates for a duration of 5 minutes in 12 slots per day for 113 days per stretch has been broadcasted.
- The language of broadcast is the main regional language of the respective stretch which included a total of 6 regional languages apart from Hindi.
- The project started with Delhi-Jaipur stretch on 23.04.2018 and concluded on 21.11.2018 on Cuttack-Puri stretch. Operations Research Group Pvt. Ltd. was asked to submit the Impact Assessment Study of HAS-II which they have submitted. They have suggested that the program may be continued for a greater period of time, say another two or three years, and maintain safe driving habits amongst road users with some other suggestions for improvement.
- A letter regarding the subject has been written to MoRTH for scaling up of Highways advisory services for implementation on Pan India Basis.

15.8 Vigilance Division

Vigilance Division has disposed of 251 vigilance cases during the year 2018-19 (01.04.2018 to 31.03.2019). The details of which are as under:

Sr. No.	Nature of case	Number of Vigilance cases	
		Disposed of during (in number) April 2018- March 2019	Pending till 31.03.2019 (in number)
1	Toll related	50	74
2	LA/ Alignment related	34	68
3	Project related viz. construction, maintenance, quality, procurement, contractual matter etc.	73	217
4	Administrative issues	70	37
5	Other (Utility shifting, access permission, encroachment etc.	24	58
	Total number of cases	251	454

15.9 Implementation of the Official Language Policy of the Government

In consonance with the constitutional provisions and statutory obligations and in compliance with the assurances given to the Committee of Parliament on Official Language during the inspection of National Highways Authority of India on 17 March, 2018 progress has been made in the progressive use of Hindi, in National Highways Authority of India. During the year 2018-19, for the implementation of Official Language Policy and Rules in all the administrative, Financial and Technical matters of NHAI, a special meeting of all officers was held on 11 April, 2018, wherein the Chairman, NHAI addressed all the officers and directed them to ensure the implementation of Official Language Policy and to achieve the targets set by Deptt. of Official Language, Govt. of India. Annual Programme 2018-19 issued by Deptt. of Official Language was sent to all the officials with the objective to make them acquainted with the Official Language Rules and targets set by the Govt. of India, so that the officials may discharge their responsibilities more effectively.

The official Language Policy of the Union is based on encouragement and motivation, accordingly an attractive Hindi Incentive Scheme is implemented in NHAI to inspire the officers and employees for increasing the use of official language Hindi in their day to day official work. Hindi fortnight was also organized from Sept. 01 to Sept. 15, 2018 to boost up the morale of all the officials for working in Hindi. Various Hindi competitions were conducted in which a large no. of officers and employees participated and outstanding performers were awarded with cash awards and certificates in a grand function organized by the Authority on the occasion of Hindi Diwas on Sept.14, 2018.

Four quarterly Hindi workshops for officials of NHAI were organized for deliberations of Official Language. The officers and employees were imparted training for working in Hindi on computers and practice in Hindi noting and drafting. Meetings of the Officials language Implementation Committee of the Authority have been held regularly in each quarter wherein necessary decisions were taken after reviewing the progressive use of Hindi in the Authority. As a result, the overall percentage of Hindi Correspondence during the year 2018-19 in region A, B and C has been increased to 75.96%, 80.54%

and 59.75% respectively. The Quarterly Progress reports of all the four quarters and an Annual Assessment report for the year 2018-19 had been sent to Department of Official Language through online system.

15.10 Right to Information Act (RTI)

NHAI is promptly attending to all the applications filed under Right to Information Act, 2005. Directions are issued to all its field offices to dispose all RTI Applications/ Appeals in a time bound manner and upload the status on RTI Portal. Internal reminders circulating the pendency status is done on a regular basis in order to clear the pendency at the level of each and every CPIO and Appellate Authority spreading across the length and breadth of the country.

Furthermore, for the last one year all applications are processed through the online portal only, i.e. the physical receipts are scanned and uploaded to the RTI MIS Portal for speedy transfer and speedy disposal thereby reducing the response time for each and every RTI applications made under the Act of 2005. The filing of Quarterly Returns on behalf of NHAI is also done on a regular basis in the RTI MIS Portal at <https://rtionline.gov.in/RTIMIS/NODAL/index.php> and as on date there is nil pendency with respect to filing of Quarterly returns.

The updated status (as on 31.03.2019) for RTI Applications is presented below:

Action taken by Nodal officer					
Total Online Receipt(s)	Transfer To other Public Authority	Forward To CPIO	Returned To Applicant	Disposed of	Pending
8240	28	8225	5	0	14

Action taken by CPIO(s)				
Physical Receipt(s)	Forward by Nodal Officer	Total Receipt(s)	Disposed of	Pending
2342	8225	10567	11210	2827

The updated status (as on 31.03.2019) for RTI Appeal is presented below:

Action taken by Nodal officer			
Total Online Receipt(s)	Forward To FAA	Returned To Applicant	Pending
760	1620	0	14

Action taken by FAA(s)				
Physical Receipt(s)	Forward by Nodal Officer	Total Receipt(s)	Disposed of	Pending
222	1620	1842	1169	455

15.11 Library and Technical Resource Centre

NHAI has a fully automated and well stocked Library and Technical Resource Centre. Standards/specifications relating to roads, highways, bridges, transportation etc. published by Indian Roads Congress and other institutions in the world form the core collection of the Technical Resource Centre. The centre has an excellent collection of journals and reference books on civil Engineering, highways engineering, transportation and related disciplines. A good number of books on finance, administrative law and ICT etc. are available in the centre. Press Clippings relating to roads, highways and infrastructure development have been maintained in electronic form since March 1997. Photo section stocks a collection of over 4000 photographs of NHAI projects.

15.12 Media

Media cell is actively working towards brand building of NHAI through various media platforms. NHAI participated in various exhibitions during the year to create awareness on road safety, FASTag implementation and educate the people on development of national highway projects.

15.13 Green Highway Initiatives

NHAI has set up a Green Highway Division with the objective to undertake plantations along the highways and median in accordance with IRC SP:21:2009 and Green Highway Policy, 2015. The plantation work is carried out through concessionaires as BOQ Item and also through the forest department and private agencies, where this job is not under the scope. In the year 2018-19, more than 31 lakh plants have been planted in the available right of way and median.

16.1 NHAI Club:

NHAI club was constituted in November 2001 for looking after various social, cultural and other related activities for the employees of the NHAI. All the officers and staff of NHAI posted at the Headquarters are members of the club. NHAI Club also contributes a sum of Rs.1.0 Lakh to the family of a deceased member of the Club towards immediate financial support. The Club also organized the NHAI Day Programme on 14th February, 2019 including a cultural programme, sports tournaments, cultural competitions and family get together etc.

16.2 Death due to Illness, Accident or Natural Causes:

As per the NHAI policy, in case of death of any NHAI employee due to illness, accident or natural causes, the nominee of the deceased employee is entitled to receive a sum of Rs.5.00 lakhs for employees drawing salary in the pay scale of Rs.6500-10500/- (Pre-revised) and above and Rs.4.00 lakhs for the remaining categories. The scheme was first introduced in the year 2005 as part of Group Life Insurance Policy and the scheme is funded through the annual budget of NHAI from 2013 onwards.

16.3 Death Benevolent Scheme:

A voluntary scheme viz., Death Benevolent Scheme, has also been introduced in NHAI w.e.f. 01.01.2015 wherein a sum of Rs.50/- is contributed by the employees every month. An ex-gratia amount of Rs.1.00 lakh is given as relief in case of death of the employee.

The Audit Report on the accounts of the Authority for the year 2018-19 issued by the Office of C&AG of India is attached as **Annexure-2** and the Management's replies on the Audit's comments on accounts are attached as **Annexure-3**.





Ahmedabad - Vadodara Expressway

Annexure 1

18

List of PIUs/CMUs-Regional Office-wise in the year 2018-19

Sl. No	Name of Regional Office	Name of PIUs/CMUs	
1	Andhra Pradesh at VIJAYAWADA	1	Visakhapatnam
		2	Nellore
		3	Nandayal
		4	Rajamundry
		5	Vijayawada
		6	Anantpur
		7	Amaravathi
		8	Tirupati
2	Telangana at HYDERABAD	9	Hyderabad
		10	Nirmal
		11	Warangal
		12	Mahabubnagar
		13	Mancherial
		14	Sangareddy
		15	Khammam
3	Bihar at PATNA	16	Begusarai
		17	Darbhanga
		18	Chhapara
		19	Patna
		20	Purnea
		21	Gaya
		22	Motihari
		23	Sasaram
		24	Munger
4	Madhya Pradesh at BHOPAL	25	Sagar
		26	Gwalior
		27	Chhindwara
		28	Jabalpur

Sl. No	Name of Regional Office	Name of PIUs/CMUs	
		29	Indore
		30	Bhopal
		31	Shivpuri
		32	Chattarpur
		33	Rewa
		34	Ratlam
		35	Narsinghpur
		36	Guna
5	Karnataka at BENGALURU	37	Bengaluru
		38	Chitradurga
		39	Dharwad
		40	Gulbarga
		41	Hospet
		42	Mangaluru
		43	Hassan
		44	Tumkur
6	Gujarat at GANDHINAGAR	45	Ramanagara
		46	Surat (Expressway)
		47	Ahmedabad
		48	Rajkot
		49	Gandhidham
		50	Somnath
		51	Bharuch
		52	Bhavnagar
		53	Dwarka
		54	Ghodbunder
		55	Godhra
7	Haryana & Punjab at CHANDIGARH	56	Chandigarh
		57	Hissar
		58	Rohtak
		59	Ambala
		60	Mohali
		61	Ludhiana

Sl. No	Name of Regional Office	Name of PIUs/CMUs	
8	Himachal Pradesh at SHIMLA	62	Bhatinda
		63	Jalandhar
		64	Mandi
		65	Shimla
		66	Palampur
9	J&K at JAMMU	67	Hamirpur
		68	Jammu
		69	Srinagar (at Ramban)
10	Jharkhand at RANCHI	70	Ranchi
		71	Dhanbad
		72	Jamshedpur
		73	Deoghar
		74	Hazaribagh
		75	Sahibganj
		76	Daltonjanj
11	Kerala at THIRUVANTHAPURAM	77	Palakkad
		78	Cochin
		79	Kozhikode
		80	Thiruvananthapuram
12	Maharashtra & Goa at MUMBAI	81	Pune
		82	Panvel
		83	Solapur
		84	Nashik
		85	Ratnagiri
		86	Goa
		87	Thane
		88	Ahmednagar
13	N.E. at GUWAHATI	89	Bongaigaon
		90	Nagaon
		91	Halflong
		92	Shillong
		93	Guwahati
		94	Myanmar

Sl. No	Name of Regional Office	Name of PIUs/CMUs	
14	Odisha at BHUBANESWAR	95	Sambalpur
		96	Bhubaneswar
		97	Balasore
		98	Rourkela
		99	Keonjhar
		100	Dhenkanal
		101	Bhadrak
		102	Puri
15	Rajasthan at JAIPUR	103	Jaipur
		104	Udaipur
		105	Sikar
		106	Jodhpur
		107	Barmer
		108	Kota
		109	Ajmer
		110	Dausa
		111	Chittorgarh
		112	Bikaner
		113	Jaipur (South)
		114	Jaisalmer
		115	Hanumangarh
		116	Sawai Madhopur
16	Tamil Nadu at CHENNAI	117	Chennai
		118	Coimbatore
		119	Karur
		120	Villupuram
		121	Krishnagiri
		122	Bangalore (Expressway)
		123	Salem
		124	Kanchipuram
17	Tamil Nadu at MADURAI	125	Madurai
		126	Karaikudi
		127	Thanjavur

Sl. No	Name of Regional Office	Name of PIUs/CMUs	
		128	Trichy
		129	Nagercoil
		130	Dindigul
		131	Tutikorin
18	RO Western UP at LUCKNOW	132	Agra
		133	Aligarh
		134	Meerut
		135	Moradabad
		136	Bareilly
		137	Jhansi
		138	Kannauj at Kanpur
		139	Baghpat
		140	Kanpur
19	RO Eastern UP at VARANASI	141	Lucknow
		142	Raebareilly
		143	Allahabad
		144	Gorakhpur
		145	Varanasi
		146	Mirzapur
		147	Azamgarh
20	Uttarakhand at DEHRADUN	148	Rudrapur
		149	Dehradun
		150	Nazibabad
21	West Bengal at KOLKATA	151	Kharagpur
		152	Kolkata
		153	Jalpaiguri
		154	Durgapur
		155	Malda
		156	Kolkata (North)
		157	Krishnagar
22	Maharashtra 2nd RO at NAGPUR	158	PIU-1 Nagpur
		159	Aurangabad
		160	Dhule

Sl. No	Name of Regional Office	Name of PIUs/CMUs	
		161	Nanded
		162	Yawatmal
		163	Amravati
		164	PIU-2 Nagpur
		165	Washim
		166	Chandrapur
		167	Kolhapur
		168	Jalgaon
23	Chattisgarh at RAIPUR	169	Raipur
		170	Bilaspur
		171	Dhamtari
24	Delhi & NCR at RO DELHI	172	Ghaziabad
		173	Gurgaon
		174	Faridabad (Mathura)
		175	Rewari
		176	Dwarka, Delhi
25	RO EPE at DELHI	177	Eastern Peripheral Expressway (EPE)-I, Pitampura, Delhi
		178	Eastern Peripheral Expressway (EPE)-II, Greater Noida (NCR)
		179	Sohna
		180	Bhiwani

Annexure 2

19

**Office of the Principal Director of Commercial Audit &
Ex-officio Member Audit Board-I,
'A' Wing, Third Floor, Indraprastha Bhawan, I.P. Estate, New Delhi**

Dated: 20.04.2020

**To,
The Secretary,
Ministry of Road Transport & Highways
Transport Bhawan, 1, Parliament Street
New Delhi-110001**

Subject: Audit Report of the Comptroller and Auditor General of India on the Accounts of National Highways Authority of India (NHAI) for the Year ended 31 March 2019

Sir,

Please find enclosed herewith the Audit Report on the accounts of NHAI for the year ended 31 March 2019 along with a copy of Annual Accounts.

The Audit Report may be placed before the Governing Body as per the rules and procedures. Further, the Audit Report may be laid in both the Houses of Parliament as per the procedure and a copy of the document indicating the date of laying the Audit Report in both the Houses of Parliament may be sent to this office.

Yours faithfully,

Encl: As above

**(Kamaljit Singh Ramuwalia)
Principal Director**

Copy forwarded vide e-mail to: The Chairman, NHAI, G 5 & 6, Sector-10, Dwarka, New Delhi-110075 for necessary action.

AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF NATIONAL HIGHWAYS AUTHORITY OF INDIA FOR THE YEAR ENDED 31 MARCH 2019

We have audited the attached Balance Sheet of the National Highways Authority of India (NHA) as at 31 March 2019 and the Profit and Loss Account for the year ended on that date under section 23 of the National Highways Authority of India Act, 1988 (NHA Act 1988) and Rule 6(5) of National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Powers to Enter Premises) Rules 1990 as amended from time to time. These financial statements include the accounts of 202 units {177 Project Implementation Units (PIUs), 24 Regional Offices and the accounts of NHA Headquarters}. Preparation of these financial statements is the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, we report that:

- I We have obtained all the information and explanations, subject to **Annexure-II**, which to the best of our knowledge and belief were necessary for the purposes of audit;
- II The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 34 (2)(g) of NHA Act, 1988 and Rule 6(1)(b) of NHA Rules 1990, as amended from time to time.
- III Proper books of accounts and other relevant records have not been maintained by the Authority, in so far as it appears from our examination of such books as enumerated below:
 - (a) As per Section 23 of the NHA Act 1988, the format of annual statement of accounts of NHA has been duly prescribed by the Government of India (GoI) in consultation with C&AG of India. However, the following deviations were noticed in the accounts prepared when compared to the approved format of accounts :
 - (i) Assets held on behalf of GoI (completed & ongoing) amounting to Rs. 3,71,314.58 crore are being shown as Fixed assets of NHA, in contravention to approved format of accounts and Generally Accepted Accounting Principles (GAAP) in spite of the fact that ownership of these National Highway (NH) Projects lies with GoI and not with the NHA and GoI has entrusted these NHs to NHA for development & maintenance purposes only. The Solicitor General of India in his opinion of January 2015 reiterated the fact that NHA is an executive agency of the GoI and ownership of the NHs vests with GoI. The accounting treatment and disclosure given by NHA, in its Financial Statements, to NHs and related projects is also in deviation to the opinion given by the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India which opined that if the NHA was acting only as an executing agency on behalf of GoI and did not exercise any control over the roads/highways and/or future economic benefits out of such

resources did not accrue to the NHAI, then, NHs were not NHAI's Assets. Accordingly, recognizing these as its assets and recognizing them as capital work in progress {now shown as Assets held on behalf of Government of India (completed and ongoing)} in NHAI's Balance Sheet was not correct.

Audit also noticed that another PSU, i.e. National Highways and Infrastructure Development Corporation Limited (NHIDCL) incorporated by MoRTH for development and maintenance of National Highways on behalf of GOI as executing agency, used to maintain its accounts on line similar to NHAI. However, after getting MoRTH directions in July 2019 in regard to transfer of completed assets by NHIDCL to Gol as per modalities decided, NHIDCL in its Balance Sheet as at 31 March 2019 netted off Assets held on behalf of Gol against the Funds received for the same.

Thus, Fixed Assets of NHAI are overstated to the extent of Assets held on behalf of Gol (completed & ongoing) amounting to Rs.3,71,314.58 crore appearing as NHAI's Fixed Assets.

- (ii) The approved format provides that the surplus/deficit in the P&L Account is to be carried to the Balance Sheet under Reserves and Surplus. As against this, NHAI instead of arriving at surplus/deficit in the prescribed manner, computed the 'Net Establishment Expenditure' which was in actual the deficit and transferred the same to Assets held on behalf of Gol (completed and ongoing) under Fixed Assets.

It was further observed that the Profit and Loss Account was being prepared in contravention to GAAP also which states that the expenditure of revenue nature cannot be booked to completed projects and instead should be routed through Profit and Loss account, however, NHAI capitalized the entire amount of Rs.471.73 crore with respect to Net Establishment Expenses for the year. In absence of project-wise details in NHAI, Audit could not quantify the amount of incorrect accounting

- (b) The borrowing costs on completed projects, in contravention to GAAP and Significant Accounting Policy No.2 of NHAI, is not being routed through Profit & Loss Account. Resultantly, entire Borrowing Costs amounting to Rs.11,333.70 crore have been adjusted, during 2018-19, from Assets held on behalf of Gol (completed & ongoing) without differentiating between completed and ongoing projects. As NHAI is not maintaining project-wise details, Audit could not verify the correctness of Borrowing Costs amounting to Rs.11,333.70 crore allocated to Assets held on behalf of Gol (completed & ongoing) during 2018-19 and the total Borrowing Costs amounting to Rs.33,608.54 crore allocated to completed and ongoing projects till date.
- (c) Projects, costing Rs.1,402.32 crore and numbering 31, were transferred to State Governments by NHAI upto 31 March 2019. Thus, NHAI does not hold these projects as on 31 March 2019. However, expenditure incurred on them has not been adjusted from Assets held on behalf of Gol (completed & ongoing). Hence, such non-adjustment resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) by Rs.1,402.32 crore. Similarly, 30 projects costing Rs. 3,225.66 crore though executed by the State Governments/PWDs and other departments and later on transferred to NHAI for further maintenance and development were not recognised in the books of NHAI. This resulted in understatement of Assets held on behalf of Gol (completed & ongoing) by Rs. 3,225.66 crore.

IV We further report that:

(A) BALANCE SHEET

(1) SOURCES OF FUNDS

(1.1) Shareholders' Fund

(1.1.1) Capital (Schedule-1): Rs.1,92,854.01 crore

(1.1.1.1) Plough Back of Toll Remittance (Schedule 1): Rs.58,024.66 crore

The above includes amount of Rs.9681.50 crore received against up-front concession fee for award of nine stretches on Toll, Operate and Transfer (ToT) basis to the concessionaire for a concession period of 30 years by Ministry of Road Transport and Highways (MoRTH). Amount of Rs.9681.50 crore was ploughed back by MoRTH from Consolidated Fund of India (CFI) during 2018-19 and remitted to NHAI. NHAI booked the amount in Capital Account as Plough back of Toll Remittances, in the year of receipt, i.e. gave it the same treatment as other amount received from MoRTH on account of Plough back of Toll Remittances which are collected from toll contractors for short periods. However, as the amount of Rs.9,681.50 crore was not of the same nature, being up-front concession fees for 30 years rather than an annual toll collection, it should have been treated as deferred income/advance income of NHAI by spreading its impact over 30 years of span (i.e. concession period), instead of booking it as current year income.

(1.1.1.2) Expenditure on Toll Collection Activities (Schedule 1): Rs.2,371.28 crore

The above does not include amount of Rs.171.84 crore due to non-provisioning of discount-cash back amounting to Rs.38.49 crore for the period from February 2019 to March 2019 and fee collection charges amounting to Rs.133.35 crore for the period December 2018 to March 2019 payable to Indian Highways Management Company Limited, which is mandated for implementation of interoperable Electronic Toll Collection (ETC) system in the country. This has resulted in understatement of Expenditure on Toll Collection Activities and overstatement of Capital by Rs.171.84 crore.

(1.2) Borrowings (Schedule 4): Rs.1,79,437.87 crore

- (a) As per Rule 9 (Reserve Fund) of NHAI Rules, 1990, for every loan raised by NHAI not being a loan repayable before expiration of one year from the date of the loan, the Authority shall set apart a sum half yearly, out of its income in the reserve fund, sufficient to liquidate the loan within a period which shall not in any case exceed thirty years. NHAI may apply the whole or any part of the sums accumulated in the reserve fund in or towards the discharge of the loan liabilities for the repayment of which the fund has been established. Provided that Authority pays into the fund each year, and accumulated until the whole of the money borrowed is discharged, a sum equivalent to the interest which would have been produced by the reserve fund or the part of the reserve funds so applied.

As on 31 March 2019, an amount of Rs.1,79,437.87 crore was payable by NHAI, towards the bond holders of Capital Gain Tax Free Bonds-54EC, Tax Free Secured Redeemable Non-Convertible Bonds, Taxable Bonds, Rupee Denominated offshore Bonds, Loan from National Small Saving fund, Term loan from SBI and Loan from ADB, however, NHAI in contravention to NHAI rules has not created any Reserve Fund.

It is pertinent to mention here that NHAI paid Rs.10,415.10 crore as interest on Bonds alone during 2018-19 while its total receipts, excluding ToT amount, were Rs.21,402.50 crore during 2018-19. NHAI has to resort to overdraft facility from Banks to meet its financial requirements and interest paid on such overdraft facility was Rs.914.90 crore during 2018-19. Thus, NHAI is expending more than 50 percent of its receipt during the year on interest payment (considering interest paid for Bonds and Bank overdraft

facility alone) while the repayment of Principle amount have not started yet which indicated poor financial management in NHAI.

- (b) The above includes amount of Rs.1,12,437.86 crore booked as secured borrowings. As per Note No. 10 to Financial Statements borrowings have been secured by mortgaging property of NHAI situated at Ahmedabad along with fixed assets of NHAI, being highway project bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Toll way Project entrusted to NHAI with a minimum security cover of one time of the aggregate face value amount of Bonds outstanding at all times.

Audit could not vouchsafe the authenticity of details of assets against which borrowings were secured and the depiction of borrowings as secured as no records/details in respect of above were furnished to Audit inspite of repetitive requests.

(2) APPLICATION OF FUNDS

(2.1) Fixed Assets

Assets held on behalf of Gol (completed & ongoing) (Schedule 1): Rs.3,71,314.58 crore

- (a) The above includes amount of Rs.112.25 crore incurred, upto 31 March 2019, on construction of residential accommodation for staff and second office building. Since these are assets of NHAI and not part of NHDP, they should have been disclosed as Capital Works-in-Progress (CWIP). This has resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) and understatement of CWIP by Rs.112.25 crore.
- (b) The above does not include amount of Rs.100.39 crore incurred towards the cost of commissioning of electronic toll collection (ETC) Project. Out of the Rs.100.39 crore spent, Rs.27.92 crore has been booked as revenue expenditure under the head Expenditure on Toll Collection Activities while the balance Rs.72.47 crore has not been booked at all. Since the expenditure is of capital nature, it should have been booked under 'Fixed Assets- Assets held on behalf of Gol (completed & ongoing)'. This has resulted in understatement of Assets held on behalf of Gol (completed & ongoing) by Rs.100.39 crore and Current Liabilities and Provisions by Rs.72.47 crore and overstatement of Expenditure on Toll Collection Activities by Rs.27.92 crore.
- (c) The above does not include amount of Rs.5.77 crore incurred before 2018-19 on construction of toll plaza at Jalandhar-Jammu section. Instead this amount was booked as revenue expenditure during previous period. This has resulted in understatement of Assets held on behalf of Gol (completed & ongoing) and Capital by Rs.5.77 crore.
- (d) The above includes amount of Rs.1,118.21 crore (besides mobilization advance of Rs.76.63 crore appearing in Current Assets, Loans and Advance) released by NHAI to various State Governments for executing NHDP phase-IV projects (apart from amount shown as Recoverable from MoRTH for NHDP-IV projects). These projects have neither been transferred nor are held by NHAI. Hence, in absence of any guidelines of MoRTH and non-existence of any Significant accounting Policy of NHAI in this regard booking of such amount as Assets held on behalf of Gol (completed & ongoing) and Current Assets, Loans and Advance was incorrect. This resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) by Rs.1,118.21 crore and Current Assets, Loans and Advance by Rs.76.63 crore.
- (e) The above does not include amount of Rs.6.18 crore being 1st RA bill for six laning of NH-5 in Chennai which has been instead booked as expenditure on Maintenance Highways. This has resulted in understatement of Assets held on behalf of Gol (completed & ongoing) and Capital by Rs.6.18 crore.

- (f) The above includes amount of Rs.9.33 crore wrongly debited to it instead of debiting the liability head 'Other Deposits', on release of withheld amount from IPCs of Mahulia - Baharagora Jharkhand/West Bengal Border project of NH-33. This has resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) and Current Liabilities by Rs.9.33 crore.
- (g) The above includes amount of Rs.397.45 crore being excess provision of interest accrued but not due for year 2017-18, payable by NHAI to various bonds holders. This amount should have been adjusted while making the payment during 2018-19 under the head of interest accrued but not due. This has resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) and Interest accrued but not due by Rs.397.45 crore.
- (h) The above does not include amount of Rs.205.92 crore deducted as Capital Reserve, during 2018-19, from above without categorizing it into capital or revenue. As per GAAP no revenue income is to be deducted from capital assets after commissioning / putting it to use. Further, in absence of project-wise accounting in NHAI the income has been added over the years and entire amount reduced from overall amount of Assets held on behalf of Gol (completed & ongoing). Thus, the financial statements of NHAI have not been prepared as per GAAP and as per its own Significant Accounting Policy no. 11 (iii) which states that any income which is in the nature of revenue receipt and not payable to Gol is recognized as revenue of NHAI.
- (i) The above does not include amount of Rs.156.32 crore deducted, during 2018-19, as interest accrued on loan disbursed to eight Special Purpose Vehicle (SPV) companies. This accrued interest being income of NHAI should have been instead routed through Profit and Loss Account. This has resulted in understatement of Assets held on behalf of Gol (completed & ongoing) and Income for the year by Rs.156.32 crore.

(2.2) Current Assets, Loans and Advances

(2.2.1) Deposits, Loans and Advances (Schedule 7): Rs.63,159.85 crore

(2.2.1.1) Loan to Subsidiary Companies (Schedule 7): Rs.2,396.37 crore

The above include loan of Rs.269.89 crore given by NHAI to three of its subsidiaries viz. Ahmedabad-Vadodara Expressway Co. Ltd. (AVEXCL), Moradabad Toll Road Company Limited (MTRCL) and Cochin Port Road Company Limited (CPRCL). In view of NHAI Board's in-principle approval, during 2018-19, to wind up these subsidiaries, and provision being already made for diminution in the value of entire investment of Rs.403.11 crore made in these three subsidiaries by NHAI, the loan of Rs. 269.89 crore should have also been provided for in the books of NHAI. This resulted in overstatement of Loan to Subsidiary Companies and understatement of Loss for the year by Rs.269.89 crore.

Further in view of winding up of MTRCL being approved by NCLT vide its order dated 21 May 2019, the provision of Rs.32.36 crore made against investment made by NHAI in it should have been written off from books of accounts.

(2.2.1.2) Recoverable from MoRTH (Schedule 7): Rs.10,227.77 crore

- (a) The above includes amount of Rs.10,162.20 crore booked as recoverable from MoRTH on account of payment made by NHAI to implementing State Government agencies for construction of 32 projects of phase IV and NH-17. MoRTH refused (June 2018) to pay the amount with the clarification that for implementation of these projects no separate funds would be released and expenditure on these 32 projects is to be met by NHAI from its overall resources. This has resulted in overstatement of Recoverable from MoRTH by Rs.10,162.20 crore.

- (b) The above includes amount of Rs.45.84 crore booked as recoverable from MoRTH on account of cost incurred by NHAI on widening and strengthening of carriageway in Rae Bareilly city from Km.145.850 to Km.152.800 Km of NH-232 in the State of Uttar Pradesh during the year 2013-14 to 2018-19. As there is no assurance and correspondence from MoRTH in regard to reimbursement of above expenditure to NHAI, the recovery of the same is remote, hence, need to be provided for. This has resulted in overstatement of Recoverable from MoRTH by Rs.45.84 crore.

(2.3) Current Liabilities and Provisions

Current Liabilities (Schedule 8): Rs.55,927.90 crore

- (a) The above is understated by Rs.6,329.14 crore due to non/short provision of liabilities towards:

(Rs. in crore)

A	Compensation payable for acquisition of land despite issue of 3D Notification / 3G award by CALA award.	4627.16
B	Amounts payable to GoI in respect of short remittance of toll/interest on delayed payment by concessionaire/contractors	36.45
C	Amount payable to GoI for negative grant and interest there on.	1.62
D	Amount payable to GoI for interest on mobilization advance and other deposit	17.12
E	Amount payable to GoI in respect of LD levied on contractors / concessionaire	153.68
F	Amount payable to GoI for taxes	3.27
G	Amount payable to Contractor/Concessionaire in respect of Construction work done	312.11
H	Amounts payable to the Contractor/Concessionaire/utility department for utility shifting	9.68
I	Amounts payable to the Contractor/Concessionaire for maintenance work done	10.68
J	Amounts payable to the Contractor/Concessionaire due to change of the scope of the project.	61.11
K	Amounts payable to the Contractor/Concessionaire on account of Bonus/ Annuity payment.	147.36
L	Amounts payable to the Contractor/Concessionaire on account of suspension due to demonetization	2.22
M	Amounts payable to the Contractor/Concessionaire on account of settlement of claims counter claims.	815.00
N	Amounts payable to Consultants for supervision work and DPR preparation	3.59
O	Interest and brokerage expenditure payable during 2018-2019 for money received against the 54 EC bonds	3.18
P	Amount payable on account of legal expense/ arbitration / court awards	124.91
	Total	6329.14

This has resulted in understatement of Assets held on behalf of GoI (completed & ongoing) by Rs.6,106.32 crore, payable to GoI by Rs.212.14 crore and O & M expenditure by Rs.10.68 crore.

(b) The above is overstated by Rs.112.24 crore due to excess provision of liability towards:

(Rs.in crore)

A	Compensation payable for acquisition of land despite issue of 3D Notification/Award by CALA/Compensation payable to land losers as per Arbitration award	27.26
B	Amount payable to Gol for interest on mobilisation advance & other deposits	0.13
C	Amount payable to Government as taxes	1.07
D	Amount payable to State Governments/ Departments/ State Authorities for maintenance of highways	7.92
E	Amount payable to State Governments/ Departments/ State Authorities project works	4.00
F	Liability on behalf of advance received from State Governments/ Departments/State Authorities in relation to projects	10.00
G	Amount payable to Contractor/Utility Department for utility shifting	9.58
H	Amount payable to Contractor against projects	52.28
	Total	112.24

This has resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) by Rs.104.19 crore, payable to GOI by Rs.0.13 crore and O & M expenditure by Rs.7.92 crore.

(B) Profit and Loss Account

Loss for the Period Rs.427.37 crore

As per the Approved format of Accounts, the Grant-in-aid received for Maintenance of Highways and expenditure incurred thereon should be accounted for in Profit and Loss Account. However, NHAI deviated from this and has adjusted the Maintenance Grant and Expenditure incurred on Maintenance of Highways against Capital Account (Plough back of Toll Remittance, etc.). During the year, NHAI incurred Rs.2,131.43 crore as the total expenditure on maintenance of highways (Rs.1,336.54 crore) and toll collection activities (Rs.794.89 crore). Against this, the MORTH released a grant of Rs.263.37 crore for maintenance of highways during the year 2018-19. After adjusting Rs.54.02 crore of 'Other Receipts from O & M of Highways' during the year 2018-19, balance amount of Rs.1814.04 crore, has been set off against the Shareholder's fund. Thus, this has resulted in understatement of Loss for the year and Shareholder's fund-Capital by Rs.1814.04 crore.

(C) Significant Accounting Policy

Significant Accounting Policy no. 7 (i) (C) of NHAI which states that 'Assets held on behalf of Gol are reduced by interest earned on unutilized capital, on advances/loans granted to the contractors / consultants and receipts from ongoing projects as shown under Capital Reserve' is in contravention to GAAP as per which amount of interest earned on unutilized capital is not the revenue of NHAI, hence, the Significant Accounting Policy no. 7 (i) (C) of NHAI needs to be reviewed.

(D) General

(a) During test check of contingent liability details submitted by PIUs to the NHAI Headquarters, instances

of omission of certain contingent liability and non-reconciliation of figures of contingent liability between NHAI Headquarters & PIUs were noticed which resulted in under-disclosure of contingent liability in the Financial Statements by Rs.1,493.01 crore.

- (b) It was observed by Audit that NHAI acquired 13920.3601 hectares of land, of which 7606.3902 hectares (54.6421 per cent) land had not been mutated upto 31.03.2019. These facts have not been disclosed in the Notes to Financial Statements.
- (c) Capital-Net off Toll collection, Negative Grant etc. up to 31.3.2010 amounting to Rs.6,183.56 crore has been transferred during 2012-13 to NHAI's Capital Account without obtaining any approval of the Ministry of Finance and Ministry of Road Transport and Highways in this regard. Suitable disclosure of the above facts needs to be made in Notes to Financial Statements.
- (d) Commitments made by NHAI in prospectus issued for Tax Free Secured Redeemable Non-Convertible Bonds of Rs.10,000 crore (2011-12), Tax Free Secured Redeemable Non-Convertible Bonds of Rs.5,000 crore (2013-14) and Tax Free Secured Redeemable Non-Convertible Bonds of Rs.19,000 crore (2015-16) were as follows.
- (i) All monies received out of each tranche issue of the bonds to the public shall be transferred to a separate bank account;
 - (ii) Details of all monies utilized out of each tranche issue shall be disclosed under an appropriate separate head in the Balance Sheet indicating the purpose for which such monies were utilized;
 - (iii) Details of all unutilized monies out of each tranche issue shall be disclosed under an appropriate separate head in the Balance Sheet indicating the form in which such unutilized monies have been invested.

However, the above commitments were not adhered to and NHAI has only given a general disclosure vide Note No. 10 (f) of Notes on Accounts wherein it was mentioned that 'All receipts of NHAI viz. Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, Taxable Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is maintained for utilization of NHAI Bond proceeds'.

- (e) A reference is invited to Note No. 25 pertaining to "Finalization of Accounts in Current Format" wherein it is stated that "The format of accounts has been approved by C&AG vide letter dated 22.06.1992, NHAI, since inception, is using this format. In the subsequent years some requirement based minor changes have been made in the format of accounts, mainly to satisfy audit observations or to accommodate changes in accounting policies". The above note is deficient to the extent that the format being used by NHAI is not in conformity with the approved format. This issue is being highlighted by the Audit since 2012-13 and instead of repeated assurances by management no action has been taken by the Management.

Further, till last year a disclosure was being given in this note that based on audit observations amendment to the Format of NHAI Accounts was pending. However, this year this disclosure has also deleted without there being any changes in format of accounts.

(E) Corrections carried out at the instance of Audit

On the basis of observations of Audit, the Management carried out corrections in the accounts to the extent of Rs.2,702.02 crore as detailed below:

(Rs. in crore)

Sr. No.	Particulars	Inter Head		Intra Head	
		Debit	Credit	Debit	Credit
1	Assets	1,997.77	18.33	618.14	618.14
2	Liabilities	27.97	2,007.13	58.05	58.05
3.	P&L A/c	0.09	0.37	0	0
	Total	2,025.83	2,025.83	676.19	676.19

- V. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts.
- VI. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts and subject to the significant matter stated above and other matters mentioned in Annexure I and II to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India:
- In so far as it relates to the Balance Sheet, of the state of affairs of the Authority as at 31 March 2019; and
 - In so far as it relates to the Profit and Loss Account, of the Net Establishment Expenses for the year ended on 31 March 2019.

**For and on behalf of the
Comptroller and Auditor General of India**

Place: New Delhi
Dated: 20 April 2020

(Kamaljit Singh Ramuwalia)
Principal Director of Commercial Audit
& ex-officio Member, Audit Board-I,
New Delhi

Annexure I

(to the Audit Report on the Accounts of National Highways Authority of India for the year 2018-19)

(1) Internal Audit System

Internal audit of NHAI Headquarters, for the year 2018-19, was carried out by M/s J Singh & Associates, Chartered Accountant (CA). As per the agreement, the objectives of internal audit included 'to examine and report on the adequacy and effectiveness of the internal controls and suggest ways for their improvement, to examine and report on whether the books of accounts and other records have been maintained in accordance with the statutory provisions etc'. But these objectives were neither included nor commented upon by Internal Auditor in his report. Internal Auditor did not comment upon action taken by NHAI previous internal audit reports. In view of the above, assurance regarding the adequacy and effectiveness of internal control and internal audit over financial reporting could not be formed.

(2) Internal Control System

Internal Control system needs to be strengthened in view of the following:

- (a) In the books of accounts of NHAI following amounts are lying un-reconciled for long period as details below:

(Rs. in crore)

S. No.	Details/Heads of account	Amount	Period
(i)	Advance against deposit work for utility shifting, agency charges, D&S charges for RoBs, forest department etc.	163.49	Reconciliation pending for period ranging between 1999- 2018.
(ii)	Advances given to various Government Departments for maintenance of highway.	126.49	Reconciliation pending for period ranging between 2002- 2018.
(iii)	Other advances	1.42	Reconciliation pending for period ranging between 2001- 2012

- (b) National Highways Fee (Determination of Rates and Collection) Rules 2008, as amended in January 2011 stipulated that after recovery of the capital cost of the public funded projects through user fee realized, fee leviable would be reduced to 40 per cent of the user fee. MoRTH issued (24 January 2013) guidelines on the method of working out of capital cost. As per guidelines, capital cost inter alia includes interest during construction period (IDC). Further, NHAI was also required to prepare the balance sheet and cash flow of each project for each financial year from April 2013. However, NHAI has not prepared any such project -wise balance sheet and cash flow statement. Working out the capital cost and thus the reduction of user fee to 40% would not be possible due to failures of compliance with the guidelines issued by the MoRTH.
- (c) Management has not sent any 'Confirmation of Balance' letters and not got its Claims Recoverable, Recoverable from Subsidiary Companies, Recoverable on account of Expenditure on Eastern Peripheral Expressways verified from the concerned parties.
- (d) Loan provided by NHAI to its subsidiaries viz. New Mangalore Port Road Co. Ltd and Visakhapatnam port Road Co. Ltd. need to be reconciled with subsidiary's books.

- (e) One performance bank guarantee valuing Rs.1.39 crore submitted by a toll collecting agency engaged at Patanswangi Fee Plaza located at Km. 25.700 on Nagpur–Saoner-Betul Section of NH-69 in the State of Maharashtra and Madhya Pradesh, was fraudulently got encashed by the contractor on basis of forged documents which resulted in loss of Rs.1.39 crore to NHA.

(3) System of Physical Verification of Fixed Assets

The physical verification report of NHA, Headquarters upto 31 March 2019 was not furnished to Audit; hence, Audit could not vouchsafe the fixed assets available at NHA, Headquarters.

(4) System of physical verification of inventory

There is no inventory in books of NHA.

(5) Regularity in payment of Statutory Dues

No instances of delay in deposit of Statutory Dues were noticed during the audit.

Annexure II

(to the Audit Report on the Accounts of National Highways Authority of India for the year 2018-19)

Sl. No.	Particulars of Information/records requisitioned	Requisition No. & Date	Reminder
1	Physical Verification Report of Assets for the year 2018-19.	01, 26th August 2019	18th & 27th Sept 2019
2	Status report of pending files as on 31.03.2019 in respect of Change of Scope of various projects.	01, 26th August 2019	18th & 27th Sept 2019
3	Cases of theft, fraud, embezzlement, presumptive fraud etc. as came into the notice of management of NHAI during the year 2018-19.	01, 26th August 2019	18th & 27th Sept 2019
4	Details and files relating to receipt of Maintenance fund with the conditions attached to utilization if any and amount incurred out of that.	02, 29th August, 2019	18th & 27th Sept, 2019
5	Details of projects developed by NHAI and subsequently handed over to concessionaires for four/six-laning on BOT basis as on 31st March 2019.	02, 29th August, 2019	18th & 27th Sept, 2019
6	In this regard (refer Sl. No. 14 above) the date of handing over of the respective project, expenditure incurred till the handing over on the respective project and shown under the head "Assets held on behalf of GoI" may also be furnished.	02, 29th August, 2019	18th & 27th Sept, 2019
7	List of projects foreclosed or abandoned during last three years indicating the name of project, amount incurred and reasons for foreclosure.	02, 29th August, 2019	18th & 27th Sept, 2019
8	Claims received from various concessionaires against NHAI up to 31st March 2019 for violation of state support agreements by different State Governments.	02, 29th August, 2019	18th & 27th Sept, 2019
9	Details of land (freehold and leasehold) as shown under the schedule-5, indicating the station wise details of land acquired, under possession, under encroachment or unauthorized occupation, title deeds available or lease deed available, amount paid or payable for the land acquired.	02, 29th August, 2019	18th & 27th Sept, 2019
10	As regards confirmation of balances, details up to June 2017 were furnished to audit. As the audit is up to the period 2018-19, details as on 31.03.2019 may kindly be provided.	02, 29th August, 2019	18th & 27th Sept, 2019

Sl. No.	Particulars of Information/records requisitioned	Requisition No. & Date	Reminder
11	Details of various programmes/ software either developed internally or externally for various usages in NHA may kindly be furnished along with cost incurred towards development of such programmes/ software and status as on 31.03.2019.	02, 29th August, 2019	18th & 27th Sept, 2019
12	File relating to execution of work "Kalewa-yargi project at Myanmar" along with agreement/MOU entered in this regard.	02, 29th August, 2019	18th & 27th Sept, 2019
13	Details of the infusion made by the NHA during the year indicating the date of approval and release of payment to the respective party indicating the name of project and PIU.	02, 29th August, 2019	18th & 27th Sept, 2019
14	<p>A reference to the reply of the Half margin No. 26 dated 25.09.2019 wherein it was mentioned that "the Investment of NHA in the loss making subsidiaries were valued by professional valuers in 2016-17. The valuers report in respect of Para Deep Port Road Company Limited (PPRCL) suggest that investment made by NHA in the PPRCL should be treated at book value of investment shown in the book of NHA, as there is no future anticipated losses to be provided during the entire concession period".</p> <p>While going through the valuers report it was observed that above reply was furnished on the basis of valuers report wherein "Liquidation Value (Termination payments Authority decides to take over) was explained. The above given statement of report was based on the assumption that in case the authority decides to take over their project assets by terminating the concession agreement. In that scenario, these SPVs shall be entitled to receive a termination payment payable account of Authority Default at the rate of 150% of the adjusted Equity and Debt Due as Per Concession Agreement. In such circumstances always the compensation received on account of termination payment will be more than the actual amount of investment made in the SPV. In view of above, the value of adjusted equity and debt due as per concession agreement in case of PPRCL and other SPVs which are under the process of winding up may kindly be furnished. Further it may also be clarified whether the appropriate provisions for terminations payments has been created as on 31.03.2019. If yes details thereof may kindly be furnished.</p>	13, 30th Sept, 2019	

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka
NEW DELHI - 110 075

BALANCE SHEET AS AT 31st MARCH, 2019

	PARTICULARS	SCHEDULE	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
	(1)	(2)	(3)	(4)
I.	SOURCES OF FUNDS			
1	Shareholders' Fund			
	a) Capital	1	1,92,85,401.29	1,63,77,926.38
	b) Reserves & Surplus	2	-	-
2	Grants			
	a) Capital	3	13,82,510.33	13,83,229.45
3	Borrowings	4	1,79,43,786.63	1,22,52,415.96
	TOTAL		3,86,11,698.26	3,00,13,571.79
II	APPLICATION OF FUNDS			
1	Fixed Assets	5		
	a) Gross Block		17,652.59	16,163.18
	b) Less: Assets created out of Grant		758.11	612.58
	c) Assets out of Own Fund		16,894.48	15,550.60
	d) Less: Depreciation		10,061.76	8,804.24
	e) Net Block		6,832.73	6,746.36
	f) Assets held on behalf of GoI (completed & ongoing)		3,71,31,458.01	2,85,64,371.53
	Total		3,71,38,290.73	2,85,71,117.89
2	Investment	6	93,617.34	93,617.34
3	Current Assets, Loans and Advance	7		
	a) Inventories		-	-
	b) Deposits, Loans & Advances		63,15,984.74	50,73,832.44
	c) Interest accrued but not due on deposits		2,421.71	4,326.74
	d) Interest accrued and due on CALA deposits		5,549.75	8,069.98
	e) Cash & Bank Balance		6,55,725.06	4,03,795.66
	f) Inter Unit Account		0.00	0.00
	sub total		69,79,681.25	54,90,024.83
	Less: Current Liabilities and Provisions			
	a) Liabilities	8	55,92,789.67	41,36,257.50
	b) Reserves & Provisions	9	7,101.39	4,930.77
	sub total		55,99,891.07	41,41,188.27
	Net Current Assets		13,79,790.18	13,48,836.56
4	Misc. Expenditure	10		
	(to the extent not written off)			
5	Profit & Loss Account			
	(Debit balance if any)			
	TOTAL		3,86,11,698.26	3,00,13,571.79

Significant Accounting Policy (Schedule 18) and Notes on Accounts (Schedule 19) are integral part of this Financial Statements.

For and on behalf of the Board of the Authority

Place : New Delhi
Date : 6.9.2019

Sd/-
Member (Finance)

Sd/-
Chairman

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka
NEW DELHI - 110 075

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2019

	PARTICULARS	SCHEDULE	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
	(1)	(2)	(3)	(4)
I.	INCOME			
	a) Value of Work done			
	b) Other income	11	1,143.66	1,381.89
	c) Interest (Gross)	12	0.30	0.41
	d) Net Increase/Decrease in Work-in-progress (+)/(-)	13		
	TOTAL INCOME		1,143.96	1,382.30
II.	EXPENDITURE			
	a) Construction Stores/Material consumed			
	Other stores,spares & tools etc.consumed			
	Work Expenses	14	-	-
	Personnel & Administrative Expenses	15	45,460.82	38,230.45
	Finance Charges	16	9.85	8.36
	Depreciation		1,382.99	1,027.75
	Assets of Small Value Charged Off		43.84	36.96
	<u>Exceptional Item</u>			
	Provision for diminution in the value of investment		-	-
	Less: Provision transferred to Capital (Sch-1)		-	-
	TOTAL EXPENDITURE		46,897.50	39,303.52
	Profit / (Loss) for the period		(45,753.54)	(37,921.22)
	Add: Prior Period Items net(+/-) (details to be given)	17	(1,419.95)	(1,305.05)
	Transfer of Net Establishment Expenses for the year to Sch-5		47,173.48	39,226.27
	Less/Add: Provision for Taxation		-	-
	Net Profit			
	Less: Transfer to Capital Reserve			
	Less: Transfer to other specific Reserve/Fund			
	Less/Add: Transfer to/Transfer from General Reserve (+/-)			
	- On Savings Bank Account			
	Less/Add: Surplus brought forward from previous year			
	Surplus carried to Balance Sheet			

For and on behalf of the Board of the Authority

Place : New Delhi
Date : 6.9.2019

Sd/-
Member (Finance)

Sd/-
Chairman

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka
NEW DELHI - 110 075

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
A. Cash flow from operating activities:		
Net profit before tax	(45,753.54)	(37,921.22)
Adjustments for:		
Depreciation	1,382.99	1,027.75
Profit/Loss on sale of assets	(4.45)	(3.20)
Interest income	(0.30)	(0.41)
Operating profit before working capital changes	(44,375.30)	(36,897.08)
Adjustments for:		
(Increase)/Decrease in Deposits, Loans & Advances	(12,42,152.30)	(17,78,512.25)
Increase/(Decrease) in liabilities	14,56,532.17	9,49,158.62
(Increase)/Decrease in Provision for Gratuity and Leave Encashment	2,170.63	810.61
Cash flow before extraordinary item & prior period items	1,72,175.20	(8,65,440.09)
Prior period items	(1,419.95)	(1,305.05)
Net cash generated from operating activities	1,70,755.26	(8,66,745.14)
B. Cash flow from investing activities:		
Purchase of fixed assets	(1,480.11)	(3,713.53)
Realisation from sale of assets	15.21	6.00
(Increase)/Decrease in Capital Work in progress	(76,42,832.35)	(62,79,050.43)
(Increase)/Decrease in investment	-	(2,658.34)
Interest Income	2,40,122.79	2,24,294.28
Capital Reserve (Receipts)	20,591.80	32,922.86
Net cash used in investing activities	(73,83,582.67)	(60,28,199.16)
C. Cash flow from financing activities:		
Cess funds received from Govt of India	11,56,900.00	12,42,945.00
Capital additional budgetary receipts	-	4,15,000.00
EAP Grant Received & utilised towards Revenue Expenditure	(719.11)	17,586.44
Adjusted Plough back of Toll Remittance, etc	17,50,574.91	7,60,600.92
Net decrease in loan from ADB due to Exchange Loss after Adjustment of Repayments	(2,186.92)	(4,949.65)
Proceeds from issue of 54EC Capital Gains Tax-Free Bonds	4,70,634.60	6,65,741.30
Proceeds from issue of Taxable bonds, Masala Bonds & NSSF Loan	17,51,040.00	43,87,500.00
Proceeds from NSSF Loan & SBI Term Loan	39,00,000.00	-
Redemption of Capital Gains Tax- Free Bonds	(4,28,117.00)	(3,34,340.40)
Interest and other expenditure on Bond	(11,33,369.66)	(6,89,023.91)
Net cash generated from financing activities	74,64,756.81	64,61,059.69
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,51,929.40	(4,33,884.60)
Opening cash and cash equivalents	4,03,795.66	8,37,680.26
Closing cash and cash equivalents	6,55,725.06	4,03,795.66
Notes:		
Cash and cash equivalents include:		
Cash and cheques in hand / in transit	-	1.10
Balance with banks-Current Account	61,641.24	90,400.98
Balance with banks-Savings Bank Account	5,64,947.91	2,78,858.78
Balance with banks-Fixed Deposit Account	29,135.90	34,534.80
Balance as per books of account	6,55,725.06	4,03,795.66

For and on behalf of the Board of the Authority

Place : New Delhi
Date : 6.9.2019

Sd/-
Member (Finance)

Sd/-
Chairman

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka
NEW DELHI - 110 075

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2019

		CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 1			
i) Capital U/S 12(i)(b) - Commencing Capital			
ii) Capital U/S 17			
a) Capital Base		80,100.00	80,100.00
b) Cess Fund	1,05,91,865.00		93,48,920.00
Add : Received during the Year	11,56,900.00	1,17,48,765.00	12,42,945.00
c) Additional Budetary Support			
-Additional Budetary Support (NHDP)	14,21,670.00		14,21,670.00
-Additional Budetary Support (others)	3,76,584.00	17,98,254.00	3,76,584.00
d) Capital -Net off Toll Collection, Negative Grant etc. upto 31.03.10	6,18,355.88		6,18,355.88
e) Plough back of Toll Remittance, etc. w.e.f. 01.04.10 (Gross)	58,02,466.00		38,77,303.00
Less: Plough back transferred to SPVs	(17,407.23)		(17,407.23)
Less: 1) Expenditure on Toll Collection Activities (wef. 01.04.2010)	(2,37,128.37)		(1,57,639.45)
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (wef. 01.04.2010).	(4,67,693.11)		(3,72,593.94)
3) Transfer of Exceptional item from P & L A/c	(40,310.88)	56,58,282.29	(40,310.88)
Total (Schedule 1)		1,92,85,401.29	1,63,77,926.38
SCHEDULE - 2			
(Additions and deductions since last balance sheet to be shown under each of the specified heads)			
i) Capital Reserve			
Opening Balance	1,42,001.36		
Add : Additions during the Period	20,591.80		
Capital Reserve transferred to Sch-5	1,62,593.15		
ii) General Reserve			
iii) Premium on Tax-Free Bond issue		-	-
iv) National Highways Authority of India fund under Section 18(I)			
v) Credit balance of P & L A/C			
Opening Balance			
Less : Adjusted during the year			
Total (Schedule 2)		-	-
SCHEDULE - 3			
Grants			
i) Capital Grant			
ia) For Externally Aided Projects	13,89,582.00		13,89,582.00
Interest earned on un-utilized Grant	1,001.00		1,001.00
Less : Assets created out of Grants (Sch.-5)	(758.11)		(612.58)
Less : Revenue Expenditure out of Grant	(7,314.55)	13,82,510.33	(6,740.97)
ib) For Office Building at Dwarka	150.00		150.00
- On Savings Bank Account			
Less: Transferred to Building Account (Sch.- 5)	(150.00)	-	(150.00)
ic) For servicing of 54EC Bonds issue	1,000.00		1,000.00
Interest earned on un-utilized Grant	496.68		496.68
Less : Expenditure incurred on 54EC Bonds:			
Bond Issue Expenses	(9,174.13)		(8,711.30)
Interest on Bond	(7,36,034.70)		(6,42,537.05)
Others	(3.00)		(3.00)
Deficit transferred to schedule-5	7,43,715.15		6,49,754.67
Total (Schedule 3)		13,82,510.33	13,83,229.45

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka
NEW DELHI - 110 075

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2019

		CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 4			
Secured Loans			
Capital Gains Taxfree Bonds- 54EC		16,93,650.10	16,51,132.50
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 11-12		10,00,000.00	10,00,000.00
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 13-14		5,00,000.00	5,00,000.00
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 15-16		19,00,000.00	19,00,000.00
Taxable Bonds (25Yrs) 2016-17		10,00,000.00	10,00,000.00
Taxable Bonds (5Yr) 2016-17		9,04,500.00	9,04,500.00
Taxable Bonds (30Yr) 2016-17		8,50,000.00	8,50,000.00
Taxable Bonds (5Yr) 2017-18		2,37,500.00	2,37,500.00
Taxable Bonds (30Yr) 2017-18		8,50,000.00	8,50,000.00
Taxable Bonds (15Yr) 2017-18		5,00,000.00	5,00,000.00
Taxable Bonds 2018-19		17,51,040.00	-
(Secured against a Flat in Ahmedabad and Fixed Assets of NHAI)			
Loan from ADB- (Surat Manor Project)		57,096.53	59,283.46
(Guaranteed by GoI)			
Unsecured Loans			
Taxable Bonds (15Yr) 2017-18 (from EPFO)		5,00,000.00	5,00,000.00
Rupee Denominated Offshore (Masala) Bonds 2017-18		3,00,000.00	3,00,000.00
Term Loan from State Bank of India		19,00,000.00	-
Loan from National Small Savings Fund (NSSF,MoF,GOI)		40,00,000.00	20,00,000.00
Total (Schedule 4)		1,79,43,786.63	1,22,52,415.96

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka

NEW DELHI - 110 075

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2019

Schedule 5	Description of Asset	Rate of Depreciation	Gross Block					Depreciation				NET BLOCK		Assets Created out of grant
			As at 1.4.2018	Addition	Adjusted/Deducted (+)	Adjusted/Deducted (-)	Total cost as at 31.3.2019	As at 01.04.2018	For the Period	Adjusted/Deducted (+)	Adjusted/Deducted (-)	Total Depreciation 31.03.2019	As at 31.03.2018	As at 31.03.2019
	LAND FREEHOLD	NIL	1,833.40	-	-	46.53	1,786.87	-	-	-	-	-	1,833.40	1,786.87
	LAND LEASEHOLD	NIL	1,297.17	-	-	-	1,297.17	-	-	-	-	-	1,297.17	1,297.17
	BUILDINGS	5%	2,294.91	-	-	-	2,294.91	1,337.90	49.53	-	-	1,387.43	957.00	307.62
	STAFF QUARTERS	5%	-	-	-	-	-	-	-	-	-	-	-	204.65
	ROADS & BRIDGES	-	-	-	0.00	-	-	-	-	-	-	-	-	-
	COMPUTERS & EDP	60%	5,544.29	814.81	66.42	199.53	6,225.99	4,502.85	976.52	38.49	158.07	5,359.78	1,041.44	75.61
	LABORATORY & SURVEY EQUIPMENT	25%	0.91	-	0.00	-	0.91	0.79	0.03	-	-	0.82	0.12	0.26
	FURNITURE, FITTINGS & ELECTRICAL INSTALLATION	10%	2,284.55	433.10	25.88	29.16	2,714.36	1,232.03	154.80	4.95	8.65	1,383.13	1,052.52	69.21
	MOTOR VEHICLES	-	-	-	0.00	-	-	-	-	-	-	-	-	-
	AIR CONDITIONERS / HEATERS	25%	601.38	90.83	4.39	4.39	692.21	519.41	40.47	0.93	0.93	559.89	81.97	16.63
	OFFICE EQUIPMENT	25%	1,693.99	188.19	17.47	17.58	1,882.07	1,211.26	161.64	7.38	9.57	1,370.71	482.73	50.47
	SUB TOTAL: I		15,550.60	1,526.92	114.16	297.19	16,894.48	8,804.24	1,382.99	51.76	177.23	10,061.76	6,746.36	758.11
	Assets held on behalf of Govt		2,75,42,375.43	76,42,832.35			3,51,85,207.78						2,75,42,375.43	3,51,85,207.78
	Add: Int/ other expenses on 54EC		6,49,754.67	93,960.48			7,43,715.15						6,49,754.67	7,43,715.15
	Bond Issue (deficit transfer from Sch-3)													
	Add: Tax Free Bond Exps-Recurring													
	Add: Bond Issue Expenses		1,494.46	167.42			1,661.88						1,494.46	1,661.88
	Add: Interest on Tax Free Bonds		424.26	202.38			626.65						424.26	626.65
	Add: Interest on Taxable Bonds/		10,12,389.90	2,66,229.46			12,78,619.36						10,12,389.90	12,78,619.36
	Masala Bonds & NSRF Loan		4,10,447.50	6,81,320.07			10,91,767.57						4,10,447.50	10,91,767.57
	Add: Int on Govt Loan/OD		1,52,973.44	91,489.86			2,44,463.30						1,52,973.44	2,44,463.30
	Add: Net Establishment Exps.		1,48,952.35	47,173.48			1,96,125.83						1,48,952.35	1,96,125.83
	Transferred from P&L A/c "		(1,42,001.36)	(20,591.80)			(1,62,593.15)						(1,42,001.36)	(1,62,593.15)
	Less: CAPITAL RESERVE		(12,12,439.14)	(2,35,697.22)			(14,48,136.35)						(12,12,439.14)	(14,48,136.35)
	Less: Intt. on Unutilised Capital													
	SUB TOTAL: II		2,85,64,371.53	85,67,086.48	-	-	3,71,31,458.01	8,804.24	1,382.99	51.76	177.23	10,061.76	2,85,64,371.53	3,71,31,458.01
	GRAND TOTAL (I) + (II)		2,85,79,922.13	85,68,613.40	114.16	297.19	3,71,48,532.49	8,804.24	1,382.99	51.76	177.23	10,061.76	2,85,71,117.89	3,71,38,290.73
	PREVIOUS YEAR: 31.03.2018		2,17,84,577.39	67,95,428.44	87.04	170.75	2,85,79,922.13	7,857.39	1,027.75	44.05	124.96	8,804.24	2,17,76,720.00	2,85,71,117.89
														612.58

NATIONAL HIGHWAYS AUTHORITY OF INDIA

G-5 & 6, Sector-10, Dwarka
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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2019

	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 6		
Investment		
A. Investment in Share Capital of Subsidiary Companies:		
a) 25500000 Equity Shares of Rs.10 each fully paid-up in M/s Moradabad Toll Road Co. Ltd. In addition, 4500000 Equity Shares of Rs.10 each in M/s Moradabad Toll Road Co. Ltd. acquired from M/s UPSBCL in 2009-10 at a cost of Rs.6,85,88,305/- Equity shares of Rs.10 each fully paid-up in each of the following	3,235.88	3,235.88
b) Ahmedabad-Vadodara Expressway Co. Ltd.(31,28,50,000 equity shares)	31,285.00	31,285.00
c) Mumbai-JNP Port Road Co. Ltd. (6,38,43,397 equity shares)	-	-
d) Mormugao Port Road Co. Ltd. (1371,00,000 equity shares)	-	13,710.00
e) Visakhapatnam Port Road Co. Ltd.(3,87,00,007 equity shares)	3,870.00	3,870.00
f) Calcutta-Haldia Port Road Co. Ltd (15,66,00,007 equity shares) of Rs. 10 each and 1,60,00,000 equity shares of Rs. 10 each at a premium of Rs. 15 each	19,660.00	19,660.00
g) Cochin Port Road Co. Ltd. (5,79,00,000 equity shares)	5,790.00	5,790.00
h) Tuticorin Port Road Co. Ltd. (9,87,00,000 equity shares)	9,870.00	9,870.00
i) Paradeep Port Road Co. Ltd. (15,00,00,000 equity shares)	15,000.00	15,000.00
j) New Mangalore Port Road Co. Ltd.(10,39,30,000 equity shares)	10,393.00	10,393.00
Less: Provision for Diminution in the value of investment in AVEXCL, CPRCL & MTRCL	(40,310.88)	(40,310.88)
Sub Total	58,793.00	72,503.00
B. Investment in Share Capital of Other Companies:		
a) M/s Indian Highways Management Co. Ltd (75,00,000 equity shares)	750.00	750.00
b) M/s Chennai-Ennore Port Road Co. Ltd. (13,98,00,007 equity shares)	13,980.00	13,980.00
c) Mormugao Port Road Co. Ltd. (1371,00,000 equity shares)	13,710.00	-
d) M/s Mumbai-JNP Port Road Co. Ltd. (6,38,43,397 equity shares)	6,384.34	6,384.34
Sub Total	34,824.34	21,114.34
Total (Schedule 6)	93,617.34	93,617.34

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2019

	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 7		
Current Assets, Loans & Advances		
a. Inventories (As taken, valued & certified by the management)		
i) Tools		
ii) Stores & Spares (at cost including in transit)		
iii) construction Stores/Materials		
iv) Work-in-progress (mode of valuation to be stated)		
Sub Total (a)	-	-
b. Deposits, Loans & Advances		
i) Deposits		
ii) Advances to Staff	161.75	122.97
iii) Advances to Contractors / Consultants		
a) Mobilisation Advance	7,55,479.46	5,00,947.49
b) Material Advance	1,976.30	2,948.27
c) Fund Infusion	1,26,750.97	89,344.54
iv) a) Advance against deposit works	1,02,778.97	78,659.99
b) Advance for maintenance of highways	27,074.13	29,203.42
v) Advances to Suppliers	712.50	504.56
vi) Claims recoverable	4,96,708.49	3,44,585.17
vii) Prepaid expenses	89.62	60.47
viii) Advance Others Including Advance Income Tax (TDS)	49,770.96	61,159.49
ix) Security deposits & Deposits against Court direction/Arbitration	4,22,350.32	1,06,119.28
x) Advance rent	35.65	21.21
xi) Recoverable/(Payabale) from/(to) Subsidiary Companies	(3,903.48)	(4,996.60)
xii) Loan to Subsidiary Companies	2,39,636.56	2,18,617.17
xiii) Recoverable on account of Expenditure on Eastern Peripheral Expressways	5,54,465.36	5,11,517.56
xiv) (As per Contra in Schedule-8) Un-disbursed balance with:		
Central CALA A/c	24,16,964.05	22,17,539.18
xv) Recoverable from MORTH (NHDP-4A Projects)	10,22,776.91	8,68,780.65
xvi) Loan to contractor/consultant/others	1,02,156.23	48,697.65
Sub Total (b)	63,15,984.74	50,73,832.44
c. Interest accrued but not due on deposits	2,421.71	4,326.74
d. Interest accrued and due on CALA deposits	5,549.75	8,069.98
e. Cash & Bank balances		
i) Cash & Cheques in hand including stamps.	-	0.40
ii) Balances with Scheduled Banks		
- Deposits accounts (excluding interest accrued & due on Deposits with CALA)	29,135.90	34,534.80
- Current accounts	61,641.24	90,400.98
- Savings Bank Account	5,64,947.91	2,78,858.78
iii) Balances with Non scheduled banks		
- On deposits accounts (incl. interest accrued)		
iv) Remittance in transit	-	0.70
Sub Total (e)	6,55,725.06	4,03,795.66
f. Inter Unit Account	0.00	0
Grand Total	69,79,681.25	54,90,024.83

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2019

	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 8		
Current Liabilities		
i) Liabilities for sundry creditors		
ii) Other liabilities	19,54,902.94	12,37,506.37
-Application money for 54EC Bonds	1.30	11.23
iii) Deposits held on account of others (if applicable)		
a) Sundry parties	1,23,893.54	1,14,886.40
b) Contractors	2,86,407.07	2,12,963.25
c) Suppliers	-	-
d) (As per Contra Schedule-7) Un-disbursed balances with:		
Central CALA A/c	24,16,964.05	22,17,539.18
e) Received on A/c of Eastern Peripheral Expressway	80,025.00	80,025.00
f) Payable on Kalewa-Yargi Project at Myanmar	18,773.15	-
iv) Payable to GOI w.e.f. 01.04.2010		
a) Toll Revenue, Shared Revenue, Negative Grant, etc.	4,11,365.43	2,68,017.80
b) Other Receipts	5,076.01	5,308.28
v) Bank Overdraft	2,95,381.18	-
Total (Schedule 8)	55,92,789.67	41,36,257.50
SCHEDULE - 9		
Provisions		
i) Provisions for taxes		
ii) Provisions for gratuity	3,238.80	2,541.12
iii) Provisions for Leave Salary	3,857.82	2,388.77
iv) Other provisions	4.78	0.88
Total (Schedule 9)	7,101.39	4,930.77
SCHEDULE - 10		
Misc. Expenditure to the extent not written off.		
Total (Schedule 10)		
SCHEDULE - 11		
Other Income		
Sale of Tender Documents	1,036.26	1,257.40
Fee for other services	75.82	0.00
Profit/Loss on sale of assets	4.45	3.20
Misc. Receipts	27.13	121.29
Total (Schedule 11)	1,143.66	1,381.89
SCHEDULE - 12		
Interest (Gross)		
From banks on deposits	-	-
From employees on advances	0.30	0.41
From others	-	-
Total (Schedule 12)	0.30	0.41

NATIONAL HIGHWAYS AUTHORITY OF INDIA

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2019

	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 13		
Net Increase/Decrease in Work-in-progress		
Closing Stock		
Work-in-progress		
Less: Opening Stock		
Work-in-progress		
e) Received on A/c of Eastern Peripheral Expressway		
Net Increase/Decrease		
Total (Schedule 13)		
SCHEDULE - 14 - WORKS EXPENSES		
a. Work Expenses etc.		
Electricity Power & Fuel		
Survey Expenses		
Consultancy Expenses		
Payment to Contractor		
Escalation claims		
Sub Total (a)		
b. Repair & Maintenance		
Roads & Bridges		
Less : Transfer from Grant A/C		
Buildings		
Plant, Machinery & Equipment		
Sub Total (b)		
c. Others		
Insurance:-		
Technical studies & consultancy charges		
Research & Development expenses		
others		
Sub Total (c)		
Total (Schedule 14)		

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2019

	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
SCHEDULE - 15		
Personnel & Other administrative expenses,		
- On Savings Bank Account		
salaries wages & other staff benefit:		
Salaries & Allowances Chairman/Members	229.67	240.50
Salaries Allowances other than Chairman/Members	16,290.91	13,945.70
Workman Staff Welfare Expenses	2,983.13	2,329.90
Contribution to Provident Fund	1,195.20	962.30
Pension & Leave Salary -Chairman & Members	29.73	44.82
Pension & Leave Salary -others	2,230.98	1,087.66
Gratuity	760.78	511.41
Rent for office accommodation	1,917.57	1,626.97
Rates and Taxes	19.76	25.21
Repairs & maintenance	1,127.83	978.87
Insurance	12.56	6.97
Honoraria fee and other professional charges	2,996.41	1,726.06
Travelling expenses, Conveyance	5,397.85	4,311.66
Printing & Stationery	623.87	379.24
Postage & communications	644.30	478.51
Advertisement & publicity	433.32	3,352.58
Remuneration to Auditors-C&AG	420.84	379.69
Other Revenue Expenses	8,144.25	5,842.36
Misc. Expenses	1.84	0.02
Total (Schedule 15)	45,460.82	38,230.45
SCHEDULE - 16 FINANCE CHARGES		
i) Interest		
On over draft	-	-
On Loans from banks	-	-
On Tax deducted at Source	7.57	4.55
On Others	-	-
On Bonds/Debentures	-	-
On Loans from Govt. of India	-	-
ii) Discounting Charges		
iii) Guarantee Commission/Bank charges	2.28	3.81
iv) Bond Issue Expenses		
Total (Schedule 16)	9.85	8.36
SCHEDULE - 17		
Prior Period Adjustments		
Prior period income (Debit)	122.95	31.31
Prior period Expenses (Debit)	1,297.00	1,273.74
Total (Schedule 17)	1,419.95	1,305.05

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Grouping Schedule 15

PARTICULARS	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
Personnel & Other Administrative Expenses		
a) Salaries, Wages & Other Staff benefits.		
i) Salary & Wages	15,412.92	12,903.29
ii) Chairman & Members	229.67	240.50
iii) Over Time Allowance	-	0.30
iv) Rent for Residence/Licence fee	592.08	850.59
v) Bonus	6.94	12.24
vi) Incentives	2.32	2.44
vii) Leave Encashment	81.03	45.37
viii) Ex gratia	195.62	131.48
Sub Total (a)	16,520.58	14,186.21
b) Workman Staff Welfare Expenses		
i) Medical reimbursement	1,275.51	975.51
ii) Staff Welfare:		
Welfare expenses	970.51	858.05
Kitchen, Utencil & Appliances	6.93	5.27
iii) Seminar/Training expenses	500.07	364.42
iv) LTC	230.10	126.66
v) Liveries	-	-
Sub Total (b)	2,983.13	2,329.90
c) Contribution to:		
i) Provident Fund	1,195.20	962.30
ii) Pension & Leave salary Members & Chairman	29.73	44.82
iii) Pension & Leave salary Others	2,230.98	1,087.66
iv) Others-Gratuity	760.78	511.41
Sub Total (c)	4,216.70	2,606.20
d) Repairs & Maintenance		
i) R & M Office Building	568.50	531.51
ii) R & M Office Equipments	102.27	90.47
iii) R & M Light vehicles	12.53	7.87
iv) R & M Others	165.05	89.02
v) R & M Computer & EDP	279.49	260.00
Sub Total (d)	1,127.83	978.87
e) Insurance		
i) Light Vehicles	-	-
ii) Others	12.56	6.97
Sub Total (e)	12.56	6.97

NATIONAL HIGHWAYS AUTHORITY OF INDIA

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Grouping Schedule 15

PARTICULARS	CURRENT YEAR Rs. In Lakhs	PREVIOUS YEAR Rs. In Lakhs
f) Honoraria fee & other professional charges		
i) Fee of liaison work	-	-
ii) Consultancy fee	2,202.19	1,150.24
iii) Honoraria fee	0.91	3.36
iv) Legal, & Statutory fee	440.43	291.41
v) Professional charges	-	-
vi) Internal Audit fee	352.88	281.05
Sub Total (f)	2,996.41	1,726.06
g) Travelling Expenses		
i) Local conveyance	2,746.13	2,110.51
ii) Travelling Expenses (India)	2,587.27	2,076.32
iii) Travelling Expenses (Abroad)	64.46	124.84
Sub Total (g)	5,397.85	4,311.66
h) Printing & Stationery Postage & Communication		
i) Printing & stationery	623.87	379.24
ii) Postage, Telegram including air freight	153.44	140.47
iii) Telephones & Telex	490.86	338.04
Sub Total (h)	1,268.17	857.74
i) Remuneration to Auditors -C&AG		
i) Audit fee	412.08	374.61
a) For taxation	-	-
b) For other services	-	-
ii) Reimbursement of Travelling & out of pocket expenses	8.77	5.08
Sub Total (i)	420.84	379.69
j) Other Revenue Expenses		
i) Entertainment Expenses	-	-
ii) Tender bond expenses	-	-
iii) Membership fee	6.58	24.77
iv) Publications, Books & Newspaper	34.41	29.43
v) Donation	-	-
vi) Sundry balances written off	0.00	0.00
vii) Staff recruitment expenses	41.07	0.09
viii) Deficit from Seminars/Trg. organised (Net)	-	-
ix) Security expenses/Short-Term Contract Staffs	7,305.73	5,020.62
x) Electricity & Water charges	703.55	713.22
xi) Gifts & Presents	52.90	54.24
Sub Total (j)	8,144.25	5,842.36
k) Miscellaneous office expenses	1.84	0.02
l) Rent	1,917.57	1,626.97
m) Rates & Taxes	19.76	25.21
n) Advertisement & Publicity	433.32	3,352.58
GRAND TOTAL	45,460.82	38,230.45

SCHEDULE 18

Significant Accounting Policies 2018-19

1. Basis of Accounting

The financial statements are generally prepared under the historical cost conventions and on accrual basis, unless indicated otherwise.

2. Capital

Funds are provided by the Government of India for strengthening the Capital Base through:-

- i) Allocation of a portion of Cess on diesel & petrol for the national highways out of the Central Road and Infrastructure Fund (earlier Central Road Fund).
- ii) Additional budgetary support for NHDP, Bharat Mala and other specific projects
- iii) Plough-back of toll remittances, shared revenue, negative grants and proceeds of TOT projects.

3. Capital Grant

- i) External Assistance (EA), other than loans, provided by the Government of India to execute various externally Aided Projects is accounted for as Capital Grant.
- ii) Fixed assets created out of the grant are not subjected to depreciation and accordingly, the full value of the fixed assets is shown as a deduction from the amount of grant or the amount of grant is shown as a deduction from the value of the fixed assets, as the case may be.
- iii) Like all other receipts, Interest earned on the unutilized grant is credited to the NHAI Fund as per the provision of section 18 of NHAI Act, 1988.

4. Land Acquisition

Land is acquired through Competent Authority (Land Acquisition) for the purpose of National Highways. Compensation, as determined by the Competent Authority, is paid to the Land owners from a separate joint bank account linked to the Central CALA account. Such payments are capitalized at time of transfer of amount to Central CALA account. Interest earned on the undisbursed amount is accounted for on accrual basis and credited to interest on unutilized capital.

5. Loans

- i. Authority borrows funds under –
 - (a) Capital Gains Tax Exemption Bonds under Section 54 EC of the Income Tax Act, 1961.
 - (b) Public issue of Tax free, secured, redeemable, non-convertible bonds under Section 10 (15) (iv) (h) of IT Act 1961.
 - (c) Taxable bonds for tenure of 5/25/30 years.

These bonds are accounted for under the head 'Secured Loans'. These loans are secured against a flat at Ahmedabad along with fixed assets of NHAI as detailed in schedule 19, for which NOC has been issued by the GoI.
- ii. Loan from ADB is guaranteed by Government of India.

6. Fixed Assets & Depreciation

- 6.1 Fixed Assets received from Government of India (GoI) are recorded at historical cost. In absence of transfer price, the total value of assets entrusted to the Authority by the Government of India (GoI) has not been accounted for / capitalized.

- 6.2 Financing charges relating to loans obtained for execution of specific projects are treated as part of capital work-in progress.
- 6.3 Authority being an executing agency of GOI, holds the highways projects developed by it on behalf of GOI, hence, these assets are not depreciated. The issue of depreciation is under consideration of Government of India.
- 6.4 Depreciation on other fixed assets (like Computer EDP, Furniture, Office equipment etc.) is provided on the basis of written down value (WDV) method as under:
- No depreciation is provided on the assets or the portion of the assets financed out of the capital grant.
 - An item of asset costing Rs.5,000/- or less is charged off to revenue in the year of acquisition/purchase/commission/available for use.
Assets with written down value of Rs.5,000/- or less as at the beginning of the year is fully depreciated during the year.
 - Depreciation is provided at the following rates as adopted by the Authority-

Item of Fixed Asset	Rate of Depreciation (%) per annum
Roads and Bridges	-
Building	5
Computers	60
Furniture & Fixtures and Electrical Fittings & Installations	10
Motor Vehicles	20
Air Conditioners & Heaters	25
Office Equipment	25
Laboratory and Survey Equipment	25

- Depreciation at full rate is charged if the asset is available for/put to use for 180 days or more in the given financial year. Depreciation @ 50% of the rate shown above is charged if an asset is available for/put to use for less than 180 days in a given financial year.

7. Assets held on behalf of Government of India (GOI)

- The Authority is an implementing agency of the Government of India and is mandated to develop, maintain and manage the national highways and any other highways entrusted to or vested in it by the Government. Authority is not the owner of the highways entrusted to it, therefore, pending decision on the matter by Government of India, highways developed by the Authority are shown as "Assets held on behalf of GoI".

Cost of such assets includes:

- All direct expenditures like:-DPR, Land Acquisition, Utility shifting, Tree Cutting, Civil construction, Annuity, VGF etc.
- All indirect expenditures like:-
 - Interest and issue expenses on market borrowings / loans availed by the Authority for Highways.
 - Net establishment expenditure after setting off the income.

C. The total of (A + B) is reduced by:-

Interest earned on unutilized capital, on advances/loans granted to the contractors/consultants and receipts from ongoing projects as shown under Capital reserve (Schedule 5).

Allocation of Cost:

- i. The expenses on pre-construction activities for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the length of the projects.
- ii. The expenses on construction supervision for more than one project [to the extent not specifically allocable to the projects] are apportioned to the projects on the basis of the awarded value of the civil works contracts.

Public-Private Partnership

NHAI is executing a number of projects under Public-Private Partnership on BOT (Toll), BOT (Annuity) and BOT (Hybrid Annuity Mode) basis.

- (a) BOT (Toll) projects- Grants (Viability Gap Funding) paid by NHAI is booked as "Positive Grant / VGF". However Negative Grants received by NHAI are accounted for under "Payable to Gol" and remitted to Consolidated Fund of India (CFI).
- (b) BOT (Annuity)/ BOT (Hybrid Annuity Mode) projects- Semi-Annuity paid to concessionaire is booked under "Semi-Annuity (Civil Works)".

8. Expenditure on Maintenance of Highways and collection of toll

Toll plough back received from Gol is reduced by:-

- (a) Expenditure on toll collection activity and
- (b) Excess of expenditure over maintenance grant received and shown as capital (Schedule-I).

9. Payments to Government Departments / Agencies

Payments made to various Central & State Government departments and other Government Agencies are regulated as under-

- (a) Payments made, to forest department on the basis of demands raised by them as per their prescribed norms, towards afforestation and tree cutting, are directly capitalized.
- (b) Payments made to Government Departments towards supervision /agency charges for utility shifting and to Railways towards construction of ROBs are capitalized on acknowledgement of receipt of such amount by the concerned department.
- (c) Payments towards maintenance of highways to the State Government departments are shown as 'Advance for maintenance of highways'. Expenditure incurred against such advances, based on the utilization statements furnished by respective state agencies, is shown as expenditure on maintenance of highways.

10. Toll Revenue, Shared Revenue, Negative Grant and TOT proceeds

The amount of toll revenue, shared revenue, negative grant, TOT proceeds and interest earned thereon, is remitted to Consolidated Fund of India on actual receipt basis.

11. Revenue Recognition

- (i) The proceeds on sale of tender documents are accounted for as income (and the related expenditure is accounted for under the appropriate heads of expenditure) of the Authority.

- (ii) Supervision charges, if any, received against deposit work and supervision and monitoring fees received under Durg bypass BOT contract are treated as income of the Authority.
- (iii) Any other income, which is in the nature of revenue receipt and not payable to the Govt. of India.

12. Agency Charges

Agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1/4/2008.

- (a) 1% on all capital works projects, including on the total expenditure on BOT and Annuity projects;
- (b) 9% on the expenditure on maintenance of highways directly done by NHAI;
- (c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

Agency charges are accounted for through a Memorandum Account. All establishment expenditure, after setting off the income is appropriated against the Agency Charges through the Memorandum Account. Disclosure for the same is made in the note forming part of accounts.

13. Retirement Benefits

The liability for retirement benefits of the regular employees and employees on contract (long term) of the Authority in respect of gratuity and leave encashment is accounted for on accrual basis and invested in fixed deposits with banks. Every year these investments are adjusted in line with the accrued liability.

14. Foreign Exchange Transactions

- i. Foreign exchange transactions relating to purchase/acquisition of or in relation to fixed assets, goods and services are accounted for at the exchange rates prevailing on the date of the transaction.
- ii. Foreign Currency loans outstanding at the end of the year are translated at the exchange rate prevailing for inward remittance on the last date of the financial year or the most proximate previous working day. Since the Authority is only an implementing agency and all the capital expenses are incurred on behalf of the Government of India, losses or gains, if any, due to exchange fluctuations relating to the loans utilized for acquisition of fixed assets/Assets held on behalf of Gol are adjusted to the carrying cost of the relevant assets/Assets held on behalf of Gol (instead of recognizing in the profit and loss account).

15. Miscellaneous

- i. Cheques issued but not presented within three (3) months from the dates of issuance are credited to the stale cheque account. Any amount outstanding in the stale cheque account for three (3) years is transferred to the miscellaneous income account.
- ii. Expenses/Incomes related to earlier years up to value of Rs.50,000/- under individual ledger account are charged to natural heads of accounts in current year and items exceeding Rs. 50,000/- are booked under prior period items account.
- iii. The Authority is only an implementing agency of the Government of India to develop, maintain and manage the national highways and any other highways entrusted to or vested in it by the Government. As such, there is no segment reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.
- iv. The Authority is not required to consolidate its financial statements with the financial statements of its subsidiaries as per the NHAI Act, 1988 and accordingly, the Accounting Standard - 21 issued by the Institute of Chartered Accountants of India is not applicable.
- v. Long-term investments are stated at cost.

SCHEDULE 19

Notes on Accounts

- Capital** - During the year, an amount of Rs.11,569.00 crore (previous year Rs.12,429.45 crore) has been received from the Government of India as Cess Fund. This year no additional budgetary support have been received for development of National Highways (Original) Works (previous year Rs.4150.00 crore), however Rs.9570.13 crore (previous year Rs.8462.14 crore) has been received from Govt. of India as plough back of toll remittances. In addition to this Rs.9,681.50 crore has been received as Toll Plough Back from MoRTH. These amounts have been credited to the Capital Account.
- Capital Grant**- During the year no fund has been received from Japan International Cooperation Agency (JICA) and World Bank (WB) aided projects. Previous year Rs.173.00 crore and Rs.13.00 crore were received for these projects.
- Maintenance Fund** - An amount of Rs.263.37 crore (previous year Rs.575.00 crore) has been received during the year from MoRTH towards maintenance of National Highways. Amount spent on maintenance of highways during the year is Rs.1,336.54 crore (previous year Rs.778.40 crore).
- Swachhta Action Plan** – During the year an amount of Rs.100.00 crore (previous year 72.60 crore) has been received from MoRTH towards grant for Swachhta Action plan. Amount spent on expenditure on Swachhta Action plan is Rs.21.71 crore.
- Interest on unutilized capital, loans & advances** - Cumulative interest on unutilized capital and also on loans & advances to contractors/consultants etc., amounting to Rs.14,481.36 crore (previous year Rs.12,124.39 crore) have been shown (Schedule 5) as a reduction from the Assets held on behalf of GoI.
- Externally Aided Projects & Grants** - The Authority, in addition to the projects funded out of capital funds, has implemented various Externally Aided Projects (EAPs). These projects are funded by multilateral agencies like the World Bank (WB), the Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC). These agencies provide funds to Government of India (GOI) under the respective loan agreements signed by them with GOI, which in turn gets passed on to the Authority in the ratio of 80:20 as grant and loan in the case of WB and ADB and 100% grant in the case of JBIC. During the current as well as previous year no grant or loan towards execution of Externally Aided Projects (EAP) has been received from the Government of India. The loans on these projects have since been repaid.
- PIU wise details of cumulative expenditure incurred on the EAPs as on 31.03.2019 are as under:

A) Projects funded by World Bank Loan

(Loan No. 3470 IN, TNHP – Loan No. 4559 IN, GTRIP – Loan No.4622 IN, ABP - Loan No. 4719 IN and LMNHP – Loan No.4764 IN)

(Rs. in crores)

PIU	Project Expenditure	Advances	Total
Gorakhpur	2,717.51	7.69	2,725.20
Lucknow	1,212.37	274.38	1,486.75
Darbhanga	1,647.41	6.84	1,654.25
Kanpur	1,545.81	0.00	1,545.81
Allahabad	3,097.73	64.88	3,162.61
Varanasi	1,341.33	3.75	1,345.08
Dhanbad	1,385.33	4.63	1,389.96
Agra	1,212.45	10.35	1,222.80
Total	14,159.94	372.52	14,532.46

B) Projects funded by Asian Development Bank Loan

(Rs. in crores)

Loan	PIU	Project Exp.	Advances	Total
1274 IND	Gurgaon	388.47	0.00	388.47
1274 IND	Vijayawada	438.51	0.00	438.51
1274 IND	Durgapur	503.40	0.00	503.40
1747	Surat Expressway	1,352.53	6.49	1,359.02
1839 IND	Chitradurga	1,139.05	0.00	1,139.05
1944 IND	Gandhidham	1,316.32	0.00	1,316.32
1944	Rajkot	1,040.60	19.75	1,060.35
2029	Shivpuri	2.13	0.00	2.13
2029 IND	Jhansi	1,202.83	0.00	1,202.83
2029 IND	Chittorgarh (EW)	1,435.84	1.35	1,437.19
2029 IND	Kota	1,222.49	0.04	1,222.53
2154	Anantpur	1,406.10	4.95	1,411.05
2154	Sagar	1,082.91	0.00	1,082.91
2154 IND	Narsingpur	1,069.33	0.00	1,069.33
Total		13,600.51	32.58	13,633.09

Loan No. 1747 in respect of Surat Manor Toll-way Project (SMTP) has been extended to NHAI directly by ADB.

C) Projects funded by Japan Bank for International Cooperation Loan

(Rs. in crores)

Loan No.	PIU	Project Expenditure	Advances	Total
ID-P 91	Allahabad (Naini)	299.07	0.29	299.36
ID-P 92	Vijayawada	314.33	0.00	314.33
ID-P 100	Bhubaneshwar	148.35	0.00	148.35
ID-P 101	Ghaziabad	168.07	0.00	168.07
ID-P-228	Gaya	142.51	57.43	199.94
Total		1,072.33	57.72	1130.05

8. Loans - A Loan of USD180.00 million was sanctioned from Asian Development Bank (ADB) for execution of Surat – Manor project on NH-8. Against this USD149.48 million was finally disbursed. There is an outstanding balance of Rs.570.97 crores (USD82.01 million @ Rs.69.6225) as on 31.03.2019 and the same has been included under 'Borrowings'. Interest charges amounting to Rs.21.15 crore on loan (previous year Rs.16.71 crore which pertains to post construction period) has been paid during the year. Up to 31.03.2010, it was shown as reduction from toll revenue payable to GOI, since the interest payment on the loan was to be met out of the toll collection. From 01.04.2010 this is being shown as deduction from additional budgetary support (plough-back of toll remittance). Provision for guarantee fee amounting to Rs.1.42 crore (previous year Rs.1.48 crore) in respect of Government of India guarantee has also been made in the accounts.

9. Toll Remittances & Plough Back - The GoI has decided that from 1.04.2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India (CFI) in line with the amount deposited by NHAI in CFI. During 2018-19 NHAI has deposited

a total amount of Rs.9,275.82 crore (toll revenue Rs.6,343.41 crore, shared revenue Rs.1,921.16 crore, negative grant Rs.1,011.25 crore) in Consolidated Fund of India as per the direction of Ministry. Ministry, during 2018-19 has released Rs.9,570.13 crore (previous year Rs.8,462.14 crore) to NHAI against Plough back of toll revenue through Permanent Bridge Fee Fund (PBFF) to meet the expenditure on development, operation and maintenance of National Highways, toll collection activities and repayment of loans etc.

In addition to this NHAI has also collected Rs.9,681.50 crore as concession fee from the award of first bundle of Toll Operate and Transfer (TOT) and deposited the same to CFI. MoRTH in turn has ploughed back Rs.9,681.50 crore to NHAI.

10. Borrowings –

- a) **Capital Gains Tax Exemption Bonds** - As mandated under the Union Budget 2017- 18, the Authority has issued Capital Gains Tax Exemption Bonds under Section 54-EC of the Income Tax Act, 1961 for an amount of Rs.4,706.35 crore during the year (previous year Rs.6,657.41 crore).

Cumulative expenses on issue of Bonds amounts to Rs.91.74 crores up to 31.03.2019 (up to previous year Rs.87.11 crores).

Cumulative interest on 54 EC bond up to 31.03.2019 amounting to Rs.7,360.35 crore (up to previous year Rs.6,425.37 crore) has been transferred to “Assets held on behalf of GoI” (Sch-5) after adjusting grant received for servicing of bonds and interest thereon.

- b) **Tax Free Bonds** – Authority has so far raised Rs.34,000 crores through tax free secured, redeemable, non-convertible bonds (2011-12 Rs.10,000 crore, 2013-14 Rs.5,000 crores 2015-16 Rs.19,000 crore).
- c) **Taxable Bonds** - During F.Y. 2018-19, Authority has raised Rs.17,510.40 crore (previous year Rs.20,875.00 crore) through taxable bonds.
- d) **Rupee Denominated Offshore (Masala) Bonds** - During the year authority has not raised money through Rupee Denominated Offshore (Masala) Bonds. Previous year Rs.3,000 crore was raised through Masala Bonds.
- e) **Loan from National Small Saving Fund (NSSF, MoF, GOI)** – Authority, during 2018-19 has received Rs.20,000 crore (cumulative Rs.40,000 crore) as loan from National Small Saving Fund.
- f) Apart from above Authority has also taken a term loan of Rs.19,000.00 crore from State Bank of India.

Except Rs.67,000 crore [(Rs.3,000 crore (Masala) Bonds, Rs.5,000 crores (borrowed from EPFO under taxable bond on 22nd Nov. 2017), Rs.40,000 crore (loan from NSSF) and Rs.19,000 crore (term loan from SBI)] all the bonds are secured through a mortgage over the property of NHAI situated at Ahmedabad along with fixed assets of NHAI, being highway projects comprising of all superstructures including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI with a minimum security cover of one time of the aggregate face value amount of Bonds outstanding at all times.

All receipts of NHAI viz. Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, Taxable Bonds, NHAI Capital Gain Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act,

1988. As such, no separate Account is maintained for utilization of NHAI Bond proceeds.

Name and contact details of debenture trustee for 2018-19 is as under -

M/s VISTRA ITCL (INDIA) LIMITED,

IL&FS Financial Centre,

Plot C-22, G Block, Bandra-Kurla Complex, Bandra East Mumbai-400051

Tel : 2226593662

Email: Prakash.barua@vistra.com Karan.gulati@vistra.com

As on 31.03.2019, no investor complaint was pending for redressal.

11. **Assets held on behalf of Government of India (Gol)** – NHAI have initiated implementation of project based accounting w.e.f. 01.04.2019. Project expenditure up to 31.03.2019, as per Significant Accounting Policy-7, has been shown as Assets held on behalf of Gol (Completed & Ongoing).
12. **Provision for Gratuity and Leave Salary** - Provision for accrued liability for Gratuity and Leave encashment as per Gratuity Act and NHAI rules to the tune of Rs.70.97 crore (last year Rs.49.30 crore) as on 31.03.2019 has been made in the books. Accordingly, existing FDR of Rs.49.30 crore, representing accrual up to previous year, is to be increased to Rs. 70.97 crore.
13. **Land** - Land acquired by NHAI for construction of highways are mutated in the name of Government of India. In order to expedite the process of mutation, NHAI has recently issued SOP on mutation of land. Cost of land acquired by NHAI in respect of ongoing and completed projects is reflected under Assets held on behalf of Gol.

During 2016-17, Authority has introduced Central CALA account system for payment of land compensation (refer Significant Accounting Policy 4). Majority of old CALA accounts under old system have been closed by transferring the balance to Central CALA account. Undisbursed balances lying in the remaining bank accounts and Central CALA accounts have been accounted for through a contra entry in schedule 7 & 8.

14. **Income Tax exemption** - NHAI has been granted Income-tax exemption under section 10(23C) (iv) of the Income Tax Act, 1961 on continuous basis vide Order No. DGIT(E)/10(23C)(iv)/2009, dated 13th February, 2009 issued by Director General of Income Tax (Exemptions) granting exemption for AY 2008-09 and onwards. Accordingly, provision for Income- tax has not been made as in the previous years.

Income tax deducted at source by various parties is claimed as refund through Annual Income Tax Returns (ITRs). As per the ITRs filed by NHAI up to FY 31.03.2018, the total amount of income tax refund is Rs.437.25 crore plus interest thereon. Reconciliation of this amount with the books is in progress. Interest on refunds is recorded at the time of receipt.

15. **Loans and Advances to Chairman/Members** - During the year no loan/advance was granted to Chairman/ Members.

Debts/Loans/Advance due from Chairman/Members - Nil

Maximum amount due from Chairman/Members at any time during the year - Nil

16. **Investments in Subsidiaries & Associate Companies -**

Investment	Amount (Rs. in Crores)
Subsidiary Companies	991.04
Associate Companies	348.24
Total	1,339.28

- a) Moradabad Toll Road Co .Ltd. (MTRCL)-National Company Law Tribunal (NCLT) New Delhi, vide its order dated 21.05.2019, has approved the winding up of Moradabad Toll Road Company Limited (MTRCL) under section 272 (1) (a) and (e) of Companies Act, 2013.
- b) Ahmedabad-Vadodara Expressway Company Limited (AVEXCL)-Petition for winding up has been filed with National Company Law Tribunal (NCLT) on 11.12.2017. The next date of hearing is 26.07.2019.
- c) The NHAI Board, in its 128th meeting held on 16.08.2018, has also given in- principle approval for winding up of following SPVs:
 - (i) Calcutta - Haldia Port Road Company Limited (CHPRCL)
 - (ii) Cochin Port Road Company Limited (CPRCL)
 - (iii) New Mangalore Port Road Company Limited (NMPRCL)
 - (iv) Chennai-Ennore Port Road Company Limited (CEPRCL)
 - (v) Tuticorin Port Road Company Limited (TPRCL)
 - (vi) Vishakhapatnam Port Road Company Limited (VPRCL)
 - (vii) Paradip Port Road Company Limited (PPRCL)

The Boards of respective SPVs are working on the proposal.

Investments of NHAI in the loss making subsidiaries were valued by professional valuers in 2016-17. On the basis of valuer's report, provision for diminution in the value of investment for Rs.312.85 crore, Rs.32.36 crore & Rs.57.90 crore in respect of AVEXCL, MTRCL & CPRCL respectively were made which still exists in the books.

Toll plough back received from MoRTH against the amount remitted by subsidiaries to CFI is passed on to the subsidiaries concerned. During FY 2018-19 no amount has been paid to SPVs on account of Toll plough back.

Following is the details of loan and advances in the nature of loan to Subsidiaries & Associates Companies as on 31.03.2019-

Name of Subsidiary/Associate	Loans (Rs.) crore
Ahmedabad-Vadodara Ex. way Co. Ltd.	5.29
Mormugao Port Road Co. Ltd.	76.55
Visakhapatnam Port Road Co. Ltd.	67.50
Calcutta-Haldia Port Road Co. Ltd.	556.71
Chennai-Ennore Port Road Co. Ltd.	41.56
Cochin Port Road Co. Ltd.	215.22
Tuticorin Port Road Co. Ltd.	234.22
Paradeep Port Road Co. Ltd.	744.16
New Mangalore Port Road Co. Ltd.	405.77
Moradabad Toll Road Co. Ltd.	49.38
Total	2,396.36

17. Deposits, Loans & Advances -

- a) **Eastern Peripheral Expressway** - Against a deposit of Rs.800.25 crore, Authority has spent Rs.5,544.65 crore on Eastern Peripheral Expressway thus the recoverable stands at Rs.4,744.40 crore.
- b) **Recoverable from MoRTH** - Authority, on the basis of direction received from MoRTH, has made payments for some of the NHDP phase-IV project, which are under the direct control of MoRTH. Expenditure on such projects is shown as "Recoverable from MoRTH". Accumulated amount of such recoverable as on 31st March, 2019 is Rs.10,227.77 crore.

18. Deferred Premium – Up to 31.03.2018 interest due on deferred premium, as per the provisions of Article 28.2 of Model Concession Agreement, has been accounted for on cash basis on receipt. In compliance with audit observation w.e.f. 2018-19 interest is accounted for on accrual basis.

19. BOT Annuity Projects - Under the BOT (Annuity) contracts, fixed half-yearly annuities over a period of 12 to 18 years from the dates of completion of the projects amounting to Rs.72,288.52 crores are required to be paid by the Authority. Out of this, an amount of Rs.29,250.27 crores has been paid till 31.03.2018 (up to previous year Rs.24,342.22 crore), which has been included in Assets held on behalf of Gol.

20. Fraudulent Withdrawal - During 2012-13 a fraudulent withdrawal of Rs.1.06 crore from one of the bank accounts of Competent Authority Land Acquisition (CALA) was detected under PIU-Chandigarh. Out of this, a sum of Rs.18.45 lacs has been recovered by police and lying with the court as 'case property'. Further, with the intervention of Court, compensation to the tune of Rs.27.00 lacs has been paid to one of the land holders for whom this compensation was meant for. As per the minutes of meetings dated 22.04.2014 Punjab Government has to pay the remaining amount of compensation.

21. Depreciation - Depreciation wherever applicable has been charged as per significant accounting policies.

22. Goods and Service Tax –Implementation of Goods and Service Tax (GST) Act, 2017 has triggered the "Change in Law" clause in various contracts. The effect of such changes is accounted for as and when payment under "Change in Law" clause is released.

23. Agency Charges - As explained in Significant Accounting Policies of NHAI, agency charges is recognized notionally at the following rates on the value of various projects executed w.e.f. 1st April, 2008.

- (a) 1% on all capital works projects, including on the total expenditure on EPC, BOT (Toll), BOT (Annuity) and SPV projects
- (b) 9% on the expenditure on maintenance of highways directly done by NHAI;
- (c) 2% on the expenditure on maintenance of highways carried out through the State Public Works Departments.

All administrative expenditure, after setting off the receipts is charged to Asset held on behalf of Gol within the overall ceiling of Agency Charges.

Memorandum Account of Agency Charges

Particulars	Amount (Rs. in cr.)
Agency charges - Opening balance as on 01.04.2018	2,595.08
Add: Agency charges for the FY 2018-19	1,039.73
Total	3,634.81
Less: Net Administrative exp. for the year transferred to sch-5	469.38
Agency Charges: Balance as on 31.03.2019	3165.43

24. Members' Responsibility - With respect to the Members' Responsibility Statement, it is hereby confirmed that:

- (a) Accounting Standards, related to the area of operations of the Authority, have generally been followed, only exception being AS-15 (Employee Benefits), AS-17 (Segment Reporting) and AS-21 (Consolidated Financial Statements).
- (b) The Members' have selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Authority at the end of the year.
- (c) The Members' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with section 34(2)(g) of the NHAI Act, 1988 for safeguard of the assets of the Authority and for preventing and detecting fraud and other irregularities.
- (d) The Members' have prepared the annual accounts of the Authority on a "going concern" basis.
- (e) No income/fund of NHAI for the year ended 31st March 2019 has been used or applied directly or indirectly for the benefit of Board Members, their relatives and entities in which Board Members or their relatives have substantial interest.

25. Finalization of Accounts in Current Format – The format of accounts has been approved by C&AG vide letter dated 22-06-1992. NHAI, since inception, is using this format. In the subsequent years some requirement based minor changes have been made in the format of accounts, mainly to satisfy audit observations or to accommodate changes in accounting policies.

During 2018-19 no significant changes in the accounting policies have been made. However, the policies have been reviewed to enhance the presentation and clarity through minor changes.

26. Regrouping and rounding- Previous year's figures, wherever necessary, have been regrouped and rearranged to make them comparable with current year figures. All figures are in lakh rupees and their might be rounding off difference up to 0.01 lakh in the financial statements.

27. Contingent Liability - Contingent Liability not acknowledged as debt:

- (a) On the close of financial year total numbers of pending Arbitration and Court cases are 167 and 234 respectively. In the Arbitration cases Contractors/ Concessionaires have claimed Rs.65,320.03 crore & USD 5,79,937.08 whereas NHAI have claimed Rs.28,693.24 crore. In the court cases Contractors/ Concessionaires and NHAI have filed petitions in various courts involving Rs.4,715.93 crore & Euro 2,62,180.71 and Rs.8,457.70 crore respectively. Authority has also given bank guarantee to the tune of Rs.70.51 crore and has deposited of Rs.994.73 crore in the form of FDRs as per various court orders. In respect of other claims/legal cases, the liability is not ascertainable at present.
- (b) Authority has so far issued Letters of Credits to the tune of Rs.619.48 crore for payment of annuities.
- (c) The total estimated value of EPC, Consultancy and O&M contracts remaining to be executed as on 31.3.2019 are Rs.72,274.41, Rs.1,880.31 and Rs.3,413.99 crore respectively.

For and on behalf of the Board of the Authority

Place: New Delhi
Date: 6.9.2019

Sd/-
Member (Finance)

Sd/-
Chairman

**MANAGEMENT REPLY TO AUDIT REPORT OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF NATIONAL
HIGHWAYS AUTHORITY OF INDIA FOR THE YEAR ENDED 31 MARCH 2019**

	Audit Report	Management Reply
1	<p>We have audited the attached Balance Sheet of the National Highways Authority of India (NHAI) as at 31 March 2019 and the Profit and Loss Account for the year ended on that date under section 23 of the National Highways Authority of India Act, 1988 (NHAI Act 1988) and Rule 6(5) of National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Powers to Enter Premises) Rules 1990 as amended from time to time. These financial statements include the accounts of 202 units {177 Project Implementation Units (PIUs), 24 Regional Offices and the accounts of NHAI Headquarters}. Preparation of these financial statements is the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.</p> <p>We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.</p> <p>Based on our audit, we report that:</p> <p>I We have obtained all the information and explanations, subject to Annexure-II, which to the best of our knowledge and belief were necessary for the purposes of audit;</p> <p>II The Balance Sheet and Profit and Loss Account dealt with by this report have not been drawn up in the format approved by the Government of India under Section 34 (2)(g) of NHAI Act, 1988 and Rule 6(1)(b) of NHAI Rules 1990, as amended from time to time.</p>	<p>I. No comments</p> <p>II. No comments</p>

	Audit Report	Management Reply
	<p>III Proper books of accounts and other relevant records have not been maintained by the Authority, in so far as it appears from our examination of such books as enumerated below:</p>	<p><i>III. Audit has not specified any particular record which according to them is not being maintained by the Authority. To our best of knowledge and belief, Accounting records as required under the law have been maintained.</i></p>
2	<p>(a) As per Section 23 of the NHAI Act 1988, the format of annual statement of accounts of NHAI has been duly prescribed by the Government of India (GoI) in consultation with C&AG of India. However, the following deviations were noticed in the accounts prepared when compared to the approved format of accounts :</p> <p>(i) Assets held on behalf of GoI (completed & ongoing) amounting to Rs. 3,71,314.58 crore are being shown as Fixed assets of NHAI, in contravention to approved format of accounts and Generally Accepted Accounting Principles (GAAP) inspite of the fact that ownership of these National Highway (NH) Projects lies with GoI and not with the NHAI and GoI has entrusted these NHs to NHAI for development & maintenance purposes only. The Solicitor General of India in his opinion of January 2015 reiterated the fact that NHAI is an executive agency of the GoI and ownership of the NHs vests with GoI. The accounting treatment and disclosure given by NHAI, in its Financial Statements, to NHs and related projects is also in deviation to the opinion given by the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India which opined that if the NHAI was acting only as an executing agency on behalf of GoI and did not exercise any control over the roads/highways and/or future economic benefits out of such resources did not accrue to the NHAI, then, NHs were not NHAI's Assets. Accordingly, recognizing these as its assets and recognizing them as capital work in progress {now shown as Assets held on behalf of Government of India (completed and ongoing)} in NHAI's Balance Sheet was not correct.</p> <p>Audit also noticed that another PSU, i.e. National Highways and Infrastructure Development Corporation Limited (NHIDCL) incorporated by MoRTH for development and maintenance of National Highways on behalf of GOI as executing agency, used to maintain its accounts on line similar to NHAI. However, after getting MoRTH directions in July 2019 in regard to transfer of completed assets by NHIDCL to GoI as per modalities decided, NHIDCL in its Balance Sheet as at 31 March 2019 netted off Assets held on behalf of GoI against the Funds received for the same.</p>	<p><i>The format was prescribed in 1992 and is required to be updated by adding some line items. The prescribed format has been used after making some requirement based changes.</i></p> <p><i>(i) C&AG, vide letter dated 19.06.2018, has expressed his views that National Highways (NH) assets can be depicted in the accounts of NHAI subject to providing of depreciation on such assets and has also directed NHAI to maintain project wise accounts.</i></p> <p><i>The concept of Project Accounting, which also covers the charging of Depreciation has been started w. e. f. 01.04.2019. Policies on Cost Allocation, Capitalization and Depreciation have also been approved by the Board of Authority. Efforts are on to capitalize the projects in the Annual Accounts for the FY 2019-20.</i></p> <p><i>The PSU referred to in this report is a company registered under Indian Companies Act whereas, National Highways Authority of India is a Central Autonomous Body, governed by the National Highways Authority of India Act 1988. The former is working as an agent of the Ministry and executes work on agency basis, whereas NHAI executes the projects partly funded through Budget allocation and balance resources are raised from the market. Therefore, these two organizations are not comparable.</i></p>

	Audit Report	Management Reply
	Thus, Fixed Assets of NHAI are overstated to the extent of Assets held on behalf of Gol (completed & ongoing) amounting to Rs.3,71,314.58 crore appearing as NHAI's Fixed Assets.	
3	<p>(ii) The approved format provides that the surplus/deficit in the P&L Account is to be carried to the Balance Sheet under Reserves and Surplus. As against this, NHAI instead of arriving at surplus/deficit in the prescribed manner, computed the 'Net Establishment Expenditure' which was in actual the deficit and transferred the same to Assets held on behalf of Gol (completed and ongoing) under Fixed Assets.</p> <p>It was further observed that the Profit and Loss Account was being prepared in contravention to GAAP also which states that the expenditure of revenue nature cannot be booked to completed projects and instead should be routed through Profit and Loss account, however, NHAI capitalized the entire amount of Rs.471.73 crore with respect to Net Establishment Expenses for the year. In absence of project-wise details in NHAI, Audit could not quantify the amount of incorrect accounting</p>	<p>(ii) With the introduction of project based accounting w e f FY 2019-20, allocation of indirect cost and capitalization of completed National Highways this issue will be resolved and the expenditure of revenue nature will be booked to P&L Account.</p>
4	<p>(b) The borrowing costs on completed projects, in contravention to GAAP and Significant Accounting Policy No.2 of NHAI, is not being routed through Profit & Loss Account. Resultantly, entire Borrowing Costs amounting to Rs.11,333.70 crore have been adjusted, during 2018-19, from Assets held on behalf of Gol (completed & ongoing) without differentiating between completed and ongoing projects. As NHAI is not maintaining project-wise details, Audit could not verify the correctness of Borrowing Costs amounting to Rs.11,333.70 crore allocated to Assets held on behalf of Gol (completed & ongoing) during 2018-19 and the total Borrowing Costs amounting to Rs.33,608.54 crore allocated to completed and ongoing projects till date.</p>	<p>(b) With the implementation of indirect cost allocation Policy (which inter alia provides allocation of borrowing costs to ongoing projects) and introduction of Project based accounting w e f 2019-20 the borrowing cost shall be allocated to ongoing projects only and the unallocated amount of borrowing cost shall be debited to P & L account. This will facilitate verification of correctness of borrowing cost by audit.</p>
5	<p>(c) Projects, costing Rs.1,402.32 crore and numbering 31, were transferred to State Governments by NHAI up to 31 March 2019. Thus, NHAI does not hold these projects as on 31 March 2019. However, expenditure incurred on them has not been adjusted from Assets held on behalf of Gol (completed & ongoing). Hence, such non-adjustment resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) by Rs.1,402.32 crore. Similarly, 30 projects costing Rs.3,225.66 crore though executed by the State Governments/PWDs and other departments and later on</p>	<p>(c) NHAI shall account for such outward transfer of projects in the Annual Financials of 2019-20.</p>

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	transferred to NHAI for further maintenance and development were not recognised in the books of NHAI. This resulted in understatement of Assets held on behalf of Gol (completed & ongoing) by Rs.3,225.66 crore.	
6	<p>IV We further report that:</p> <p>(A) BALANCE SHEET</p> <p>(1) SOURCES OF FUNDS</p> <p>(1.1) Shareholders' Fund</p> <p>(1.1.1) Capital (Schedule-1): Rs.1,92,854.01 crore</p> <p>(1.1.1.1) Plough Back of Toll Remittance (Schedule 1): Rs.58,024.66 crore</p> <p>The above includes amount of Rs.9,681.50 crore received against upfront concession fee for award of nine stretches on Toll, Operate and Transfer (ToT) basis to the concessionaire for a concession period of 30 years by Ministry of Road Transport and Highways (MoRTH). Amount of Rs.9,681.50 crore was ploughed back by MoRTH from Consolidated Fund of India (CFI) during 2018-19 and remitted to NHAI. NHAI booked the amount in Capital Account as Plough back of Toll Remittances, in the year of receipt, i.e. gave it the same treatment as other amount received from MoRTH on account of Plough back of Toll Remittances which are collected from toll contractors for short periods. However, as the amount of Rs.9,681.50 crore was not of the same nature, being up-front concession fees for 30 years rather than an annual toll collection, it should have been treated as deferred income/advance income of NHAI by spreading its impact over 30 years of span (i.e. concession period), instead of booking it as current year income.</p>	<p>IV We further report that:</p> <p>(A) BALANCE SHEET</p> <p>(1) SOURCES OF FUNDS</p> <p>(1.1) Shareholders' Fund</p> <p>(1.1.1) Capital (Schedule-1): Rs.1,92,854.01 crore</p> <p>(1.1.1.1) Plough Back of Toll Remittance (Schedule 1): Rs.58,024.66 crore</p> <p><i>The up-front concession fee of Rs.9,681.50 crore received through toll monetization has been collected by NHAI and has been paid into the Consolidated Fund of India (CFI). This amount is not an income for NHAI, therefore, it is not a case of deferred revenue income for NHAI as observed by Audit.</i></p> <p><i>On receipt of this money in CFI, Government of India has ploughed back the entire amount i. e. Rs.9,681.50 crore to NHAI as investment. The amount received through plough back has been treated as Capital provided by Government of India.</i></p>
7	<p>(1.1.1.2) Expenditure on Toll Collection Activities (Schedule 1): Rs.2,371.28 crore</p> <p>The above does not include amount of Rs.171.84 crore due to nonprovisioning of discount-cash back amounting to Rs.38.49 crore for the period from February 2019 to March 2019 and fee collection charges amounting to Rs.133.35 crore for the period December 2018 to March 2019 payable to Indian Highways Management Company Limited, which is mandated for implementation of interoperable Electronic Toll Collection (ETC) system in the country. This has resulted in understatement of Expenditure on Toll Collection Activities and overstatement of Capital by Rs.171.84 crore.</p>	<p>(1.1.1.2) Expenditure on Toll Collection Activities (Schedule-1): Rs.2,371.28 crore</p> <p><i>Observation noted for compliance.</i></p>

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8	<p>(1.2) Borrowings (Schedule 4): Rs.1,79,437.87 crore</p> <p>(a) As per Rule 9 (Reserve Fund) of NHAI Rules, 1990, for every loan raised by NHAI not being a loan repayable before expiration of one year from the date of the loan, the Authority shall set apart a sum half yearly, out of its income in the reserve fund, sufficient to liquidate the loan within a period which shall not in any case exceed thirty years. NHAI may apply the whole or any part of the sums accumulated in the reserve fund in or towards the discharge of the loan liabilities for the repayment of which the fund has been established. Provided that Authority pays into the fund each year, and accumulated until the whole of the money borrowed is discharged, a sum equivalent to the interest which would have been produced by the reserve fund or the part of the reserve funds so applied.</p> <p>As on 31 March 2019, an amount of Rs.1,79,437.87 crore was payable by NHAI, towards the bond holders of Capital Gain Tax Free Bonds⁵⁴EC, Tax Free Secured Redeemable Non-Convertible Bonds, Taxable Bonds, Rupee Denominated offshore Bonds, Loan from National Small Saving fund, Term loan from SBI and Loan from ADB, however, NHAI in contravention to NHAI rules has not created any Reserve Fund.</p> <p>It is pertinent to mention here that NHAI paid Rs.10,415.10 crore as interest on Bonds alone during 2018-19 while its total receipts, excluding ToT amount, were Rs.21,402.50 crore during 2018-19. NHAI has to resort to overdraft facility from Banks to meet its financial requirements and interest paid on such overdraft facility was Rs.914.90 crore during 2018-19. Thus, NHAI is expending more than 50 percent of its receipt during the year on interest payment (considering interest paid for Bonds and Bank overdraft facility alone) while the repayment of Principle amount have not started yet which indicated poor financial management in NHAI.</p>	<p>(1.2) Borrowings: (Schedule-4): Rs.1,79,437.87crore</p> <p><i>(a) As per the provisions of Rule 9, of NHAI Rules 1990, reserve is required to be created out of income of Authority. NHAI being an executing agency of Government of India, does not have any source of income. In absence of any income, it is not possible to create Reserve fund by setting apart a sum on half yearly, for liquidating the loans. Based on the provision of Act and the observations made by C&AG, Management has decided to create Reserve Fund out of the InvIT proceeds generated from monetization of NHAI projects.</i></p>
9	<p>(b) The above includes amount of Rs. 112437.86 crore booked as secured borrowings. As per Note No. 10 to Financial Statements borrowings have been secured by mortgaging property of NHAI situated at Ahmedabad along with fixed assets of NHAI, being highway project bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Toll way Project entrusted to NHAI with a minimum security cover of one time of the aggregate face value amount of Bonds outstanding at all times.</p>	<p><i>(b) So far as list of assets put under mortgage is concerned, it is submitted that in respect of secured borrowings the trust deed provides that the bonds are secured through a mortgage over the property of NHAI situated at Ahmedabad along with fixed assets of NHAI, being highway projects comprising of all superstructures including highway lightings, road barriers and dividers,</i></p>

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	<p>Audit could not vouchsafe the authenticity of details of assets against which borrowings were secured and the depiction of borrowings as secured as no records/details in respect of above were furnished to Audit in spite of repetitive requests.</p>	<p><i>bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI with a minimum security cover of one time of the aggregate face value amount of Bonds outstanding at all times.</i></p> <p><i>As is evident from above, for security creation, all superstructures including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on National Highways except those under the Surat-Manor Tollway Project have been considered. It is a dynamic agreement and there is no specific list of such assets.</i></p>
10	<p>(2) APPLICATION OF FUNDS</p> <p>(2.1) Fixed Assets</p> <p>Assets held on behalf of Gol (completed & ongoing) (Schedule 1): Rs.3,71,314.58 crore</p> <p>(a) The above includes amount of Rs.112.25 crore incurred, up to 31 March 2019, on construction of residential accommodation for staff and second office building. Since these are assets of NHAI and not part of NHDP, they should have been disclosed as Capital Works-inProgress (CWIP). This has resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) and understatement of CWIP by Rs.112.25 crore.</p>	<p>(2) APPLICATION OF FUNDS</p> <p>(2.1) Fixed Assets</p> <p>Assets held on behalf of Gol (completed & ongoing): Rs.3,71,314.58 crore</p> <p><i>(a) In the Annual Financial 2019-20, the Residential Accommodation at Sector -17, Dwarka and Second Office Building at Sector -10, Dwarka shall be segregated from Assets held on behalf of Gol and reclassified under appropriate Fixed Asset category.</i></p>
11	<p>(b) The above does not include amount of Rs.100.39 crore incurred towards the cost of commissioning of electronic toll collection (ETC) Project. Out of the Rs.100.39 crore spent, Rs.27.92 crore has been booked as revenue expenditure under the head Expenditure on Toll Collection Activities while the balance Rs.72.47 crore has not been booked at all. Since the expenditure is of capital nature, it should have been booked under 'Fixed Assets- Assets held on behalf of Gol (completed & ongoing)'. This has resulted in understatement of Assets held on behalf of Gol (completed & ongoing) by Rs.100.39 crore and Current Liabilities and Provisions by Rs.72.47 crore and overstatement of Expenditure on Toll Collection Activities by Rs.27.92 crore.</p>	<p><i>(b) Significant Accounting Policy no.8 of Authority provides as under- "Expenditure on Maintenance of Highways and toll collection activities, after adjusting against the maintenance grant received from Gol for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance."</i></p> <p><i>Installation of Electronic Toll Collection (ETC) system at various toll plazas is a</i></p>

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		<p>part of toll collection activities, therefore, the expenditure incurred on Installation of Electronic Toll Collection (ETC) system, as per Significant Accounting Policy of Authority, is booked under "Expenditure on Toll collection activities". This is consistently being done.</p> <p>Observation given by Audit is noted, a proposal for change in Significant Accounting Policy is under consideration of NHAI.</p>
12	<p>(c) The above does not include amount of Rs.5.77 crore incurred before 2018-19 on construction of toll plaza at Jalandhar-Jammu section. Instead this amount was booked as revenue expenditure during previous period. This has resulted in understatement of Assets held on behalf of Gol (completed & ongoing) and Capital by Rs.5.77 crore.</p>	<p>(c) Expenditure on construction of toll plazas are consistently being accounted as per Significant Accounting Policy no. 8 which reads as under-</p> <p><i>"Expenditure on Maintenance of Highways and toll collection activities, after adjusting against the maintenance grant received from Gol for maintenance of highways is reduced from plough-back of toll remittances and shown as capital (Schedule-I) under additional budgetary support-plough back of toll remittance."</i></p> <p>Observation given by Audit is noted, a proposal for change in Significant Accounting Policy is under consideration of NHAI.</p>
13	<p>(d) The above includes amount of Rs.1,118.21 crore (besides mobilization advance of Rs.76.63 crore appearing in Current Assets, Loans and Advance) released by NHAI to various State Governments for executing NHDP phase-IV projects (apart from amount shown as Recoverable from MoRTH for NHDP-IV projects). These projects have neither been transferred nor are held by NHAI. Hence, in absence of any guidelines of MoRTH and non-existence of any Significant accounting Policy of NHAI in this regard booking of such amount as Assets held on behalf of Gol (completed & ongoing) and Current Assets, Loans and Advance was incorrect. This resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) by Rs.1,118.21 crore and Current Assets, Loans and Advance by Rs.76.63 crore.</p>	<p>(d) The expenditure has been made as per the direction of MoRTH. In each case either the money has to be reimbursed or the project are to be handed over to NHAI. In either case the amount will be settled.</p>

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14	(e) The above does not include amount of Rs.6.18 crore being 1st RA bill for six laning of NH-5 in Chennai which has been instead booked as expenditure on Maintenance Highways. This has resulted in understatement of Assets held on behalf of Gol (completed & ongoing) and Capital by Rs.6.18 crore.	<i>(e) This entry has since been rectified by PIU Chennai and copy of JV has been submitted to Audit along with the reply.</i>
15	(f) The above includes amount of Rs.9.33 crore wrongly debited to it instead of debiting the liability head 'Other Deposits', on release of withheld amount from IPCs of Mahulia - Baharagora Jharkhand/West Bengal Border project of NH-33. This has resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) and Current Liabilities by Rs.9.33 crore.	<i>(f) Rectification entry required for correcting this mistake has already been passed by PIU-Jamshedpur vide JV no. 2019000001 dated 21.06.2019 and copy of the JV has also been submitted to Audit along with the reply.</i>
16	(g) The above includes amount of Rs.397.45 crore being excess provision of interest accrued but not due for year 2017-18, payable by NHA to various bonds holders. This amount should have been adjusted while making the payment during 2018-19 under the head of interest accrued but not due. This has resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) and Interest accrued but not due by Rs.397.45 crore.	<i>(g) On the basis of observations made by Audit excess liabilities provided under GL Code 1817 "Interest Accrued but not due on Bonds" has been reversed through JV no. 2019000196 dated 18.09.2019.</i>
17	(h) The above does not include amount of Rs.205.92 crore deducted as Capital Reserve, during 2018-19, from above without categorizing it into capital or revenue. As per GAAP no revenue income is to be deducted from capital assets after commissioning / putting it to use. Further, in absence of project-wise accounting in NHA the income has been added over the years and entire amount reduced from overall amount of Assets held on behalf of Gol (completed & ongoing). Thus, the financial statements of NHA have not been prepared as per GAAP and as per its own Significant Accounting Policy no. 11(iii) which states that any income which is in the nature of revenue receipt and not payable to Gol is recognized as revenue of NHA.	<i>(h) Accumulated capital reserve of Rs.1,625.93 crore does not include any revenue income. The capital reserve mainly consist of receipts like Negative Grant, receipts from encashment of BG, fine for delay in financial closure, liquidated damages and other receipts during construction period. This treatment is in line with the provisions of Significant Accounting Policy no. 7 (C).</i>
18	(i) The above does not include amount of Rs.156.32 crore deducted, during 2018-19, as interest accrued on loan disbursed to eight Special Purpose Vehicle (SPV) companies. This accrued interest being income of NHA should have been instead routed through Profit and Loss Account. This has resulted in understatement of Assets held on behalf of Gol (completed & ongoing) and Income for the year by Rs.156.32 crore.	<i>(i) This is consistently being followed as per Significant Accounting Policy 7 (c) which provides as under- "Interest earned on unutilized capital, on advances/loans granted to the contractors/consultants and receipts from ongoing projects as shown under Capital reserve (Schedule 5)." Observation given by Audit is noted, a proposal for change in Significant Accounting Policy is under consideration of NHA.</i>

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19	<p>(2.2) Current Assets, Loans and Advances</p> <p>(2.2.1) Deposits, Loans and Advances (Schedule 7): Rs.63,159.85 crore</p> <p>(2.2.1.1) Loan to Subsidiary Companies (Schedule 7): Rs.2,396.37 crore</p> <p>The above include loan of Rs.269.89 crore given by NHAI to three of its subsidiaries viz. Ahmedabad-Vadodara Expressway Co. Ltd. (AVEXCL), Moradabad Toll Road Company Limited (MTRCL) and Cochin Port Road Company Limited (CPRCL). In view of NHAI Board's in-principle approval, during 2018-19, to wind up these subsidiaries, and provision being already made for diminution in the value of entire investment of Rs.403.11 crore made in these three subsidiaries by NHAI, the loan of Rs.269.89 crore should have also been provided for in the books of NHAI. This resulted in overstatement of Loan to Subsidiary Companies and understatement of Loss for the year by Rs.269.89 crore.</p> <p>Further in view of winding up of MTRCL being approved by NCLT vide its order dated 21 May 2019, the provision of Rs.32.36 crore made against investment made by NHAI in it should have been written off from books of accounts.</p>	<p>Current Assets, Loans and Advances</p> <p>(2.2.1) Deposits, Loans and Advances (Schedule 7): Rs.63,159.85 crore</p> <p>(2.2.1.1) Loan to Subsidiary Companies (Schedule 7): Rs.2,396.37 crore</p> <p><i>On the basis of observations made by audit valuation of investments of NHAI in various Subsidiary Companies was done by professional valuers. Out of the 9 companies selected for valuation, diminution in the value of investment existed in case of 3 companies viz. MTRCL, CPRCL & AVEXCL only. Accordingly provision for diminution in the value of investments in respect of these companies was accounted for in the financial statements of 2016-17.</i></p> <p><i>A disclosure at sl.no. 16 in the notes on account (Schedule-18) regarding present status of subsidiary companies has been made in the Notes on Accounts (Schedule-18).</i></p> <p><i>So far as provision for possible loss due to non-recovery of loans given to SPVs is concerned, a decision on provision/ writing off loans shall be taken after the approval of the Boards of SPV and NHAI.</i></p>
20	<p>(2.2.1.2) Recoverable from MoRTH (Schedule 7): Rs.10,227.77 crore</p> <p>(a) The above includes amount of Rs.10,162.20 crore booked as recoverable from MoRTH on account of payment made by NHAI to implementing State Government agencies for construction of 32 projects of phase IV and NH-17. MoRTH refused (June 2018) to pay the amount with the clarification that for implementation of these projects no separate funds would be released and expenditure on these 32 projects is to be met by NHAI from its overall resources. This has resulted in overstatement of Recoverable from MoRTH by Rs.10,162.20 crore.</p>	<p><i>Payment for development of NHDP phase-IV projects have been made out of the fund provided by Government of India which shown as Recoverable from MoRTH or to be adjusted against the Project cost on transfer of these projects to NHAI.</i></p> <p><i>NHAI has taken up the matter with MoRTH vide letter dated 03.02.2020 Reply from MoRTH is awaited.</i></p>

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21	<p>(b) The above includes amount of Rs.45.84 crore booked as recoverable from MoRTH on account of cost incurred by NHAI on widening and strengthening of carriageway in Rae Bareli city from Km.145.850 to Km.152.800 Km of NH-232 in the State of Uttar Pradesh during the year 2013-14 to 2018-19. As there is no assurance and correspondence from MoRTH in regard to reimbursement of above expenditure to NHAI, the recovery of the same is remote, hence, need to be provided for. This has resulted in overstatement of Recoverable from MoRTH by Rs.45.84 crore.</p>	<p><i>Payment for work relating to widening of existing two lane carriageways to four lane carriageway with strengthening in Rae Bareli city from 145.850 to 152.800 km of NH-232 in the state of Uttar Pradesh have been made by NHAI out of the fund provided by Government of India for development of National Highways and it has been shown as recoverable from MoRTH or, are to be adjusted as project Cost on transfer of these projects to NHAI.</i></p>																		
22	<p>Current Liabilities and Provisions</p> <p>Current Liabilities (Schedule 8): Rs.55,927.90 crore</p> <p>(a) The above is understated by Rs.6,329.14 crore due to non/short provision of liabilities towards:</p> <p style="text-align: right;">(Rs. in crore)</p> <table><tr><td>A</td><td>Compensation payable for acquisition of land despite issue of 3D Notification / 3G award by CALA award.</td><td>4627.16</td></tr><tr><td>B</td><td>Amounts payable to Gol in respect of short remittance of toll/interest on delayed payment by concessionaire/contractors</td><td>36.45</td></tr><tr><td>C</td><td>Amount payable to Gol for negative grant and interest there on.</td><td>1.62</td></tr><tr><td>D</td><td>Amount payable to GOI for interest on mobilization advance and other deposit</td><td>17.12</td></tr></table>	A	Compensation payable for acquisition of land despite issue of 3D Notification / 3G award by CALA award.	4627.16	B	Amounts payable to Gol in respect of short remittance of toll/interest on delayed payment by concessionaire/contractors	36.45	C	Amount payable to Gol for negative grant and interest there on.	1.62	D	Amount payable to GOI for interest on mobilization advance and other deposit	17.12	<p>Current Liabilities and Provisions</p> <p>Current Liabilities(Schedule 8): Rs.55,927.90 crore</p> <p>(a)</p> <table><tr><td>A</td><td><p><i>As per NHAI Policy provision for payment of compensation against land acquisition awards are to be made in those cases only where award has been declared by CALA and approved by Competent Authority NHAI but drawl limit not assigned by NHAI HQ up to the closing date of financial year.</i></p><p><i>In absence of above, PIUs are not in a position to make provision for payment of land acquisition.</i></p></td></tr><tr><td>B to F</td><td><p><i>The Audit observations have been noted. For want of specific details as reported by audit, the matter could not be resolved. On receipt of the details, NHAI shall take action in this regard..</i></p></td></tr><tr><td></td><td></td></tr></table>	A	<p><i>As per NHAI Policy provision for payment of compensation against land acquisition awards are to be made in those cases only where award has been declared by CALA and approved by Competent Authority NHAI but drawl limit not assigned by NHAI HQ up to the closing date of financial year.</i></p> <p><i>In absence of above, PIUs are not in a position to make provision for payment of land acquisition.</i></p>	B to F	<p><i>The Audit observations have been noted. For want of specific details as reported by audit, the matter could not be resolved. On receipt of the details, NHAI shall take action in this regard..</i></p>		
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E	Amount payable to GOI in respect of LD levied on contractors / concessionaire	153.68		
F	Amount payable to GOI for taxes	3.27		
G	Amount payable to Contractor / Concessionaire in respect of Construction work done	312.11	G	<p>Normally provisions for payments are made in respect of works which fulfill following criteria-</p> <p>a) Work has been executed as per the provisions of the Contract,</p> <p>b) there is reasonable agreement on the amount to be paid and</p> <p>c) The payment is accruing as per the terms of contract.</p> <p>d) Proposal/estimation for provision is received within the cutoff date for deposit of TDS.</p> <p>However this point is noted for future compliance.</p>
H	Amounts payable to the Contractor/ Concessionaire/ utility department for utility shifting	9.68	H P	<p>The Audit observations have been noted. For want of specific details as reported by audit, the matter could not be resolved. On receipt of the details, NHAI shall take action in this regard.</p>
I	Amounts payable to the Contractor/ Concessionaire for maintenance work done	10.68		
J	Amounts payable to the Contractor/ Concessionaire due to change of the scope of the project.	61.11		
K	Amounts payable to the Contractor/ Concessionaire on account of Bonus/ Annuity payment.	147.36		
L	Amounts payable to the Contractor/ Concessionaire on account of suspension due to demonetization	2.22		
M	Amounts payable to the Contractor/ Concessionaire on account of settlement of claims counter claims.	815.00		

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	N	Amounts payable to Consultants for supervision work and DPR preparation	3.59		
	O	Interest and brokerage expenditure payable during 2018-2019 for money received against the 54 EC bonds	3.18		
	P	Amount payable on account of legal expense/ arbitration / court awards	124.91		
		Total	6329.14		
		This has resulted in understatement of Assets held on behalf of GOI (completed & ongoing) by Rs.6,106.32 crore, payable to GOI by Rs.212.14 crore and O&M expenditure by Rs.10.68 crore.			
23	(b) The above is overstated by Rs.112.24 crore due to excess provision of liability towards:			(b)	
	A	Compensation payable for acquisition of land despite issue of 3D Notification/Award by CALA/Compensation payable to land losers as per Arbitration award	27.26	A	The Audit observations have been noted. For want of specific details as reported by audit, the matter could not be resolved. On receipt of the details, NHAI shall take action in this regard.
	B	Amount payable to Gol for interest on mobilization advance & other deposits	0.13	H	
	C	Amount payable to Government as taxes	1.07		
	D	Amount payable to State Governments/ Departments/ State Authorities for maintenance of highways	7.92		
	E	Amount payable to State Governments/ Departments/ State Authorities project works	4.00		
	F	Liability on behalf of advance received from State Governments/Departments/State Authorities in relation to projects	10.00		
	G	Amount payable to Contractor/Utility Department for utility shifting	9.58		
	H	Amount payable to Contractor against projects	52.28		
		Total	112.24		
	This has resulted in overstatement of Assets held on behalf of Gol (completed & ongoing) by Rs.104.19 crore, payable to GOI by Rs.0.13 crore and O & M expenditure by Rs.7.92 crore.				

	Audit Report	Management Reply
24	<p>(B) Profit and Loss Account</p> <p>Loss for the Period Rs.427.37 crore</p> <p>As per the Approved format of Accounts, the Grant-in-aid received for Maintenance of Highways and expenditure incurred thereon should be accounted for in Profit and Loss Account. However, NHAI deviated from this and has adjusted the Maintenance Grant and Expenditure incurred on Maintenance of Highways against Capital Account (Plough back of Toll Remittance, etc.). During the year, NHAI incurred Rs.2,131.43 crore as the total expenditure on maintenance of highways (Rs.1,336.54 crore) and toll collection activities (Rs.794.89 crore). Against this, the MORTH released a grant of Rs.263.37 crore for maintenance of highways during the year 2018-19. After adjusting Rs.54.02 crore of 'Other Receipts from O & M of Highways' during the year 2018-19, balance amount of Rs.1,814.04 crore, has been set off against the Shareholder's fund. Thus, this has resulted in understatement of Loss for the year and Shareholder's fund-Capital by Rs.1,814.04 crore.</p>	<p>(B) Profit and Loss Account</p> <p>Loss for the Period Rs. 427.37 crore</p> <p><i>The accounting treatment of Grant received for Maintenance of Highways and expenditure incurred thereon is in line with the Significant Accounting Policy no. 8. Which provides as under-</i></p> <p><i>"Toll plough back received from Gol is reduced by:-</i></p> <p><i>(a) Expenditure on toll collection activity and</i></p> <p><i>(b) Excess of expenditure over maintenance grant received and shown as capital (Schedule-I).</i></p> <p><i>Suggestions made by audit for accounting of maintenance grant in the Profit And Loss Account was accepted by five member committee and an elaborate proposal for amendment to NHAI Rules, 1990 including accounting of maintenance grant was submitted by MoRTH to C&AG for approval.</i></p> <p><i>Observation given by Audit is noted, a proposal for change in Significant Accounting Policy is under consideration of NHAI.</i></p>
25	<p>(C) Significant Accounting Policy</p> <p>Significant Accounting Policy no. 7 (i) (C) of NHAI which states that 'Assets held on behalf of Gol are reduced by interest earned on unutilized capital, on advances/loans granted to the contractors / consultants and receipts from ongoing projects as shown under Capital Reserve' is in contravention to GAAP as per which amount of interest earned on unutilized capital is not the revenue of NHAI, hence, the Significant Accounting Policy no. 7 (i) (C) of NHAI needs to be reviewed.</p>	<p>(C) Significant Accounting Policies</p> <p>Present treatment of interest on unutilized capital is in line with the Significant Accounting Policy no. 7(i) (C) of NHAI. This is being practiced since inception and has been subjected to annual audit.</p> <p>On the basis of observation made by C&AG, NHAI shall review the stated Accounting Policy.</p>
26	<p>(D) General</p> <p>(a) During test check of contingent liability details submitted by PIUs to the NHAI Headquarters, instances of omission of certain contingent liability and non-reconciliation of figures of contingent liability between NHAI Headquarters & PIUs were noticed which resulted in under-disclosure of contingent liability in the Financial Statements by Rs.1,493.01 crore.</p>	<p>(D) General</p> <p>(a). <i>NHAI is planning an elaborate exercise to review present practice of recognizing the contingent liabilities. Steps as deemed necessary shall be taken to improve the reporting and make it more accurate.</i></p>

	Audit Report	Management Reply
27	(b) It was observed by Audit that NHAI acquired 13920.3601 hectares of land, of which 7606.3902 hectares (54.6421 per cent) land had not been mutated up to 31.03.2019. These facts have not been disclosed in the Notes to Financial Statements.	<i>(b) The item no 9 in the Notes to Account Schedule 19 shall be more elaborate to comply with the observation.</i>
28	(c) Capital-Net off Toll collection, Negative Grant etc. up to 31.3.2010 amounting to Rs.6,183.56 crore has been transferred during 2012-13 to NHAI's Capital Account without obtaining any approval of the Ministry of Finance and Ministry of Road Transport and Highways in this regard. Suitable disclosure of the above facts needs to be made in Notes to Financial Statements.	<i>(c) NHAI has once again taken up this Matter with MoRTH vide our letter dated 23.12.2019 and have requested to take up the matter with Department of Expenditure, Ministry of Finance for ex-post facto approval so that the issue may be resolved.</i>
29	<p>(d) Commitments made by NHAI in prospectus issued for Tax Free Secured Redeemable Non-Convertible Bonds of Rs.10,000 crore (2011-12), Tax Free Secured Redeemable Non-Convertible Bonds of Rs.5,000 crore (2013-14) and Tax Free Secured Redeemable Non-Convertible Bonds of Rs.19,000 crore (2015-16) were as follows.</p> <p>(i) All monies received out of each tranche issue of the bonds to the public shall be transferred to a separate bank account;</p> <p>(ii) Details of all monies utilized out of each tranche issue shall be disclosed under an appropriate separate head in the Balance Sheet indicating the purpose for which such monies were utilized;</p> <p>(iii) Details of all unutilized monies out of each tranche issue shall be disclosed under an appropriate separate head in the Balance Sheet indicating the form in which such unutilized monies have been invested.</p> <p>However, the above commitments were not adhered to and NHAI has only given a general disclosure vide Note No. 10 (f) of Notes on Accounts wherein it was mentioned that 'All receipts of NHAI viz. Funds received from the Ministry, Market borrowings through issue of NHAI Tax free Bonds, Taxable Bonds, NHAI Capital Gains Tax Exemption Bonds under Section 54-EC, interest on surplus funds etc. are credited in the National Highways Authority of India Funds and all expenditure is met out of this Fund as per the provisions of Article 18 of NHAI Act, 1988. As such, no separate Account is maintained for utilization of NHAI Bond proceeds'.</p>	<p><i>(d) There is a difference between the provisions of Prospectus and NHAI Act 1988. It was decided to stick to the provisions of the NHAI, Act 1988 and make a disclosure to this effect in the Notes on Accounts (Schedule 19).</i></p> <p><i>Accordingly, a disclosure at sl. no. 10 (f) of Notes on Accounts has been made. The bonds issued by NHAI are compliant with all laws applicable to NHAI in relation to such issuances including the Securities Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time.</i></p> <p><i>Further, certificate for compliance of applicable laws by NHAI in relation to each tranche has also been issued by the Registrar and Transfer Agent of the respective issue.</i></p>
30	(e) A reference is invited to Note No. 25 pertaining to "Finalization of Accounts in Current Format" wherein it is stated that "The format of accounts has been approved by C&AG vide letter dated 22.06.1992, NHAI, since inception, is using this format. In the subsequent years some requirement based minor changes have been made in the format of	<i>(e). Audit is repeatedly suggesting to use the old format which was prescribed in 1992 by them. Due to changed requirements, old format needs some modifications without changing its basic structure The format suggested by NHAI</i>

Audit Report		Management Reply																																		
	<p>accounts, mainly to satisfy audit observations or to accommodate changes in accounting policies”. The above note is deficient to the extent that the format being used by NHAI is not in conformity with the approved format. This issue is being highlighted by the Audit since 2012-13 and instead of repeated assurances by management no action has been taken by the Management.</p> <p>Further, till last year a disclosure was being given in this note that based on audit observations amendment to the Format of NHAI Accounts was pending. However, this year this disclosure has also deleted without there being any changes in format of accounts.</p>	<p><i>has not been accepted by C&AG.</i></p> <p><i>This issue has been taken up and discussed in the meeting held on 25.10.2019 with Dy. Director. NHAI is working on this issue to comply with the Audit.</i></p>																																		
31	<p>(E) Corrections carried out at the instance of Audit</p> <p>On the basis of observations of Audit, the Management carried out corrections in the accounts to the extent of Rs.2702.02 crore as detailed below:</p> <p style="text-align: right;">(Rs. in Crores)</p> <table><tr><th rowspan="2">Sr. No.</th><th rowspan="2">Particulars</th><th colspan="2">Inter Head</th><th colspan="2">Intra Head</th></tr><tr><th>Debit</th><th>Credit</th><th>Debit</th><th>Credit</th></tr><tr><td>1</td><td>Assets</td><td>1,997.77</td><td>18.33</td><td>618.14</td><td>618.14</td></tr><tr><td>2</td><td>Liabilities</td><td>27.97</td><td>2007.13</td><td>58.05</td><td>58.05</td></tr><tr><td>3.</td><td>P&L A/c</td><td>0.09</td><td>0.37</td><td>0</td><td>0</td></tr><tr><td></td><td>Total</td><td>2,025.83</td><td>2,025.83</td><td>676.19</td><td>676.19</td></tr></table>	Sr. No.	Particulars	Inter Head		Intra Head		Debit	Credit	Debit	Credit	1	Assets	1,997.77	18.33	618.14	618.14	2	Liabilities	27.97	2007.13	58.05	58.05	3.	P&L A/c	0.09	0.37	0	0		Total	2,025.83	2,025.83	676.19	676.19	<p><i>(E) No comments.</i></p>
Sr. No.	Particulars			Inter Head		Intra Head																														
		Debit	Credit	Debit	Credit																															
1	Assets	1,997.77	18.33	618.14	618.14																															
2	Liabilities	27.97	2007.13	58.05	58.05																															
3.	P&L A/c	0.09	0.37	0	0																															
	Total	2,025.83	2,025.83	676.19	676.19																															
32	<p>V. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts.</p>	<p><i>V. No comments.</i></p>																																		
33	<p>VI. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts and subject to the significant matter stated above and other matters mentioned in Annexure I and II to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India:</p> <p>a) In so far as it relates to the Balance Sheet, of the state of affairs of the Authority as at 31 March 2019; and</p> <p>b) In so far as it relates to the Profit and Loss Account, of the Net Establishment Expenses for the year ended on 31 March 2019.</p>	<p><i>VI. No comments.</i></p>																																		

ANNEXURE-I

(to the Audit Report on the Accounts of National Highways Authority of India for the year 2018-19)

	Audit Report	Management Reply																
34	<p>(1) Internal Audit System</p> <p>Internal audit of NHAI Headquarters, for the year 2018-19, was carried out by M/s J Singh & Associates, Chartered Accountant (CA). As per the agreement, the objectives of internal audit included ‘to examine and report on the adequacy and effectiveness of the internal controls and suggest ways for their improvement, to examine and report on whether the books of accounts and other records have been maintained in accordance with the statutory provisions etc. But these objectives were neither included nor commented upon by Internal Auditor in his report. Internal Auditor did not comment upon action taken by NHAI previous internal audit reports. In view of the above, assurance regarding the adequacy and effectiveness of internal control and internal audit over financial reporting could not be formed.</p>	<p>(1) Internal Audit System</p> <p><i>On the basis of observations made by Audit, certain changes in the RFP documents for appointment of Internal Auditors have already been made.</i></p> <p><i>Further comment for improvement of Internal Audit Reports are noted for compliance.</i></p>																
35	<p>(2) Internal Control System</p> <p>Internal Control system needs to be strengthened in view of the following:</p> <p>(a) In the books of accounts of NHAI following amounts are lying un-reconciled for long period as details below:</p> <p style="text-align: right;">(Rs. in Crores)</p> <table><tr><th>S. No.</th><th>Details/Heads of account</th><th>Amount</th><th>Period</th></tr><tr><td>(i)</td><td>Advance against deposit work for utility shifting, agency charges, D&S charges for RoBs, forest department etc.</td><td>163.49</td><td>Reconciliation pending for period ranging between 1999-2018.</td></tr><tr><td>(ii)</td><td>Advances given to various Government Departments for maintenance of highway.</td><td>126.49</td><td>Reconciliation pending for period ranging between 2002-2018.</td></tr><tr><td>(iii)</td><td>Other advances</td><td>1.42</td><td>Reconciliation pending for period ranging between 2001-2012</td></tr></table>	S. No.	Details/Heads of account	Amount	Period	(i)	Advance against deposit work for utility shifting, agency charges, D&S charges for RoBs, forest department etc.	163.49	Reconciliation pending for period ranging between 1999-2018.	(ii)	Advances given to various Government Departments for maintenance of highway.	126.49	Reconciliation pending for period ranging between 2002-2018.	(iii)	Other advances	1.42	Reconciliation pending for period ranging between 2001-2012	<p>2) Internal Control System</p> <p><i>The exercise of examination of various ledger accounts, reconciliation of balances and making required corrections in various ledger accounts are carried out at NHAI HQ as well as at field unit’s level.</i></p> <p><i>Due to non-availability of old records/ documents (almost more than 17 years old) complete reconciliation could not be achieved. NHAI is planning to take up the matter in a focused way to resolve the issue.</i></p>
S. No.	Details/Heads of account	Amount	Period															
(i)	Advance against deposit work for utility shifting, agency charges, D&S charges for RoBs, forest department etc.	163.49	Reconciliation pending for period ranging between 1999-2018.															
(ii)	Advances given to various Government Departments for maintenance of highway.	126.49	Reconciliation pending for period ranging between 2002-2018.															
(iii)	Other advances	1.42	Reconciliation pending for period ranging between 2001-2012															

	Audit Report	Management Reply
36	<p>(b) National Highways Fee (Determination of Rates and Collection) Rules 2008, as amended in January 2011 stipulated that after recovery of the capital cost of the public funded projects through user fee realized, fee leviable would be reduced to 40 per cent of the user fee. MoRTH issued (24 January 2013) guidelines on the method of working out of capital cost. As per guidelines, capital cost inter alia includes interest during construction period (IDC). Further, NHAI was also required to prepare the balance sheet and cash flow of each project for each financial year from April 2013. However, NHAI has not prepared any such project wise balance sheet and cash flow statement. Working out the capital cost and thus the reduction of user fee to 40% would not be possible due to failures of compliance with the guidelines issued by the MoRTH.</p>	<p><i>(b) NHAI management has recently taken initiatives for project wise accounting and the process of Project Coding with Cost data and project budgetary control has been operationalized. Board of Authority has also approved the Policies on Indirect Cost Allocation, Capitalization and Depreciation.</i></p> <p><i>With the implementation of Capitalization and Depreciation, detailed project wise expenditure will be available.</i></p>
37	<p>(c) Management has not sent any 'Confirmation of Balance' letters and not got its Claims Recoverable, Recoverable from Subsidiary Companies, Recoverable on account of Expenditure on Eastern Peripheral Expressways verified from the concerned parties.</p>	<p><i>(c) Noted for Compliance. This has already been started for FY 19-20</i></p>
38	<p>(d) Loan provided by NHAI to its subsidiaries viz. New Mangalore Port Road Co. Ltd and Visakhapatnam port Road Co. Ltd. need to be reconciled with subsidiary's books.</p>	<p><i>(d) Reconciliation between the books of NHAI and its Subsidiary is a continuous process. Observation given by audit has been noted for compliance.</i></p>
39	<p>(e) One performance bank guarantee valuing Rs.1.39 crore submitted by a toll collecting agency engaged at Patanswangi Fee Plaza located at Km. 25.700 on Nagpur-Saoner-Betul Section of NH-69 in the State of Maharashtra and Madhya Pradesh, was fraudulently got encashed by the contractor on basis of forged documents which resulted in loss of Rs.1.39 crore to NHAI.</p>	<p><i>(e) Audit observation is noted and NHAI is taking appropriate measures to avoid such frauds in future.</i></p>
40	<p>(3) System of Physical Verification of Fixed Assets The physical verification report of NHAI, Headquarters up to 31 March 2019 was not furnished to Audit; hence, Audit could not vouchsafe the fixed assets available at NHAI, Headquarters.</p>	<p>(3) System of Physical Verification of Fixed Assets <i>In order to streamline the process, a policy circular on annual physical verification of assets has been issued with the approval of Executive Committee of NHAI on 24.09.2019. With the issue of this circular, the process of annual physical verification of assets will be streamlined.</i></p>
41	<p>(4) System of physical verification of inventory. There is no inventory in books of NHAI.</p>	<p><i>(4) No comments.</i></p>
42	<p>(5) Regularity in payment of Statutory Dues No instances of delay in deposit of Statutory Dues were noticed during the audit.</p>	<p><i>(5) No comments.</i></p>

ANNEXURE-II

(to the Audit Report on the Accounts of National Highways Authority of India for the year 2018-19)

Audit Report					Management Reply	
43	S. No.	Particulars of Information/ records requisitioned	Requisition No. & Date	Reminder	S. No.	Reply
	1.	Physical Verification Report of Assets for the year 2018-19.	01, 26th August 2019	18th & 27th Sept 2019	1	With the approval of Executive Committee, NHAI on 24.10.2019 has issued a comprehensive circular on Annual Physical Verification of operating assets.
	2.	Status report of pending files as on 31.03.2019 in respect of Change of Scope of various projects.	01, 26th August 2019	18th & 27th Sept 2019	2	Status of the pending files on Change of Scope could not be procured during the period of audit from the concerned divisions. NHAI has initiated steps to make the information available through a structured MIS report.
	3.	Cases of theft, fraud, embezzlement, presumptive fraud etc. as came into the notice of management of NHAI during the year 2018-19.	01, 26th August 2019	18th & 27th Sept 2019	3 to 9	The reported comments are kind of generalized requisitions without any specific details. In such cases, the information has to be collected compiled and submitted to the audit. Considering the volume of transaction of NHAI, this type of exercise becomes a time consuming affair and on many occasions the compliance is not feasible during the period of Audit. However, most of the information are provided to the Audit.
	4.	Details and files relating to receipt of Maintenance fund with the conditions attached to utilization if any and amount incurred out of that.	02, 29th August, 2019	18th & 27th Sept, 2019		
	5.	Details of projects developed by NHAI and subsequently handed over to concessionaires for four/ six-laning on BOT basis as on 31st March 2019.	02, 29th August, 2019	18th & 27th Sept, 2019		
	6.	In this regard (refer Sl. No. 14 above) the date of handing over of the respective project, expenditure incurred	02, 29th August, 2019	18th & 27th Sept, 2019		

Audit Report				Management Reply	
	till the handing over on the respective project and shown under the head "Assets held on behalf of Gol" may also be furnished.				
7.	List of projects foreclosed or abandoned during last three years indicating the name of project, amount incurred and reasons for foreclosure.	02, 29th August, 2019	18th & 27th Sept, 2019		
8.	Claims received from various concessionaires against NHAI up to 31st March 2019 for violation of state support agreements by different State Governments.	02, 29th August, 2019	18th & 27th Sept, 2019		
9.	Details of land (freehold and leasehold) as shown under the schedule-5, indicating the station wise details of land acquired, under possession, under encroachment or unauthorized occupation, title deeds available or lease deed available, amount paid or payable for the land acquired.	02, 29th August, 2019	18th & 27th Sept, 2019		
10.	As regards confirmation of balances, details up to June 2017 were furnished to audit. As the audit is up to the period 2018-19, details as on 31.03.2019 may kindly be provided.	02, 29th August, 2019	18th & 27th Sept, 2019	10	<i>The process of balance conformation has recently been introduced in NHAI. NHAI intends to streamline the system in coming year.</i>
11.	Details of various programmes/ software either developed internally or externally for various usages in NHAI may kindly be furnished along with cost incurred towards development of such programmes/ software and status as on 31.03.2019.	02, 29th August, 2019	18th & 27th Sept, 2019	11	<i>This information was subsequently made available to Audit.</i>

Audit Report				Management Reply	
12.	File relating to execution of work "Kalewa-yargi project at Myanmar" along with agreement/ MOU entered in this regard.	02, 29th August, 2019	18th & 27th Sept, 2019	12	<i>This was subsequently made available to Audit.</i>
13.	Details of the infusion made by the NHAI during the year indicating the date of approval and release of payment to the respective party indicating the name of project and PIU.	02, 29th August, 2019	18th & 27th Sept, 2019	13	<i>This information was subsequently made available to Audit.</i>
14.	<p>A reference to the reply of the Half margin No. 26 dated 25.09.2019 wherein it was mentioned that "the Investment of NHAI in the loss making subsidiaries were valued by professional valuers in 2016-17.</p> <p>The valuers report in respect of Para Deep Port Road Company Limited (PPRCL) suggest that investment made by NHAI in the PPRCL should be treated at book value of investment shown in the book of NHAI, as there is no future anticipated losses to be provided during the entire concession period".</p> <p>While going through the valuers report it was observed that above reply was furnished on the basis of valuers report wherein "Liquidation Value (Termination payments Authority decides to take over) was explained. The above given statement of report was based on the assumption that in case the authority decides to take</p>	13, 30th Sept, 2019		14	<i>NHAI Board has already given inprinciple approval for winding up of seven SPVs. This proposal is being examined by the boards of respective SPVs. After legal due diligence a final decision is to be taken by the Board. This fact has been disclosed in the Notes on Accounts at Sl. no. 16.</i>

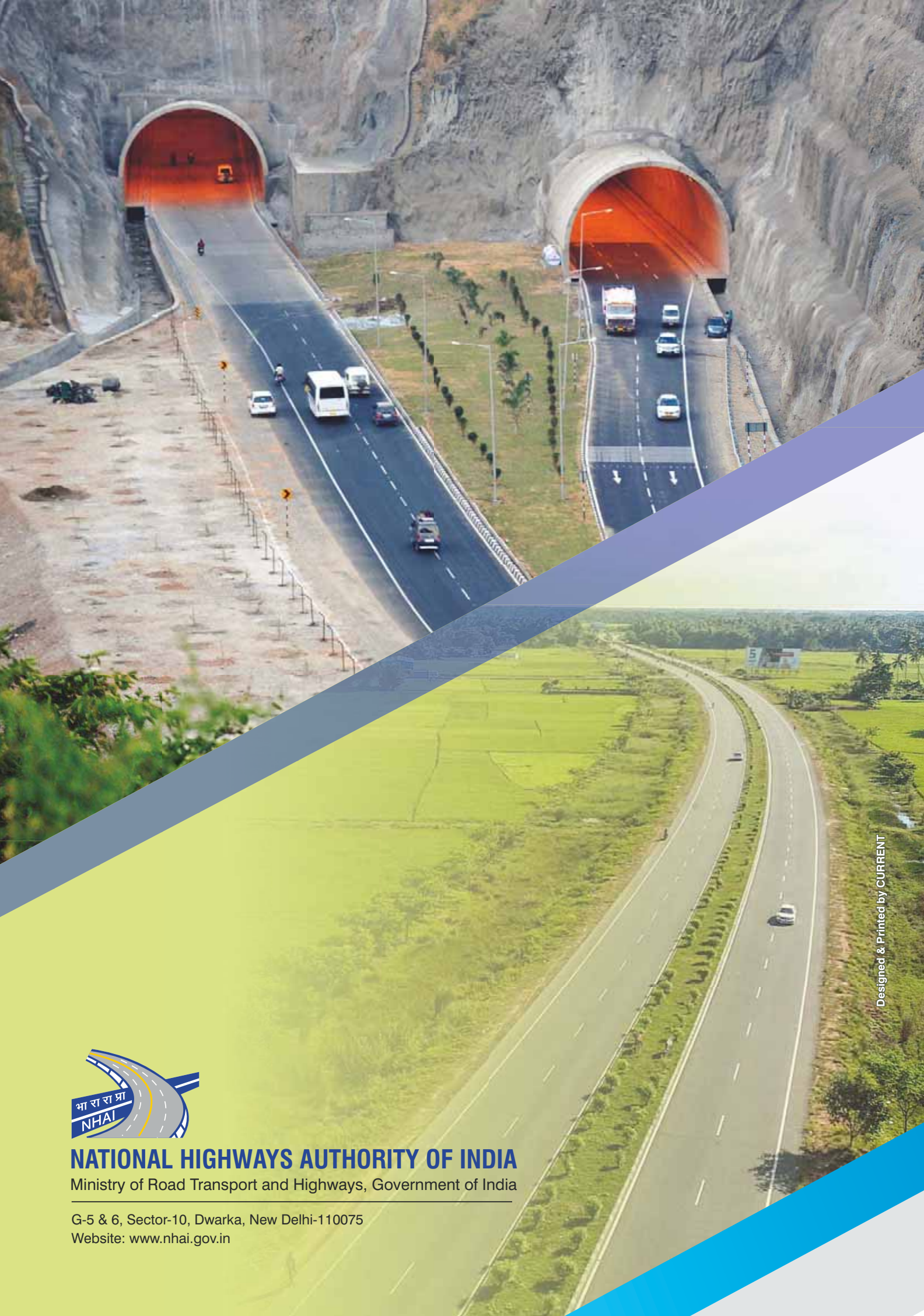
Audit Report				Management Reply	
	<p>over their project assets by terminating the concession agreement. In that scenario, these SPVs shall be entitled to receive a termination payment payable account of Authority Default at the rate of 150% of the adjusted Equity and Debt Due as Per Concession Agreement. In such circumstances always the compensation received on account of termination payment will be more than the actual amount of investment made in the SPV.</p> <p>In view of above, the value of adjusted equity and debt due as per concession agreement in case of PPRCL and other SPVs which are under the process of winding up may kindly be furnished. Further it may also be clarified whether the appropriate provisions for terminations payments has been created as on 31.03.2019. If yes details thereof may kindly be furnished.</p>				

**NATIONAL HIGHWAYS AUTHORITY OF INDIA
CORRIGENDUM TO ANNUAL ACCOUNTS 2018-19**
NUMBER-1

Issued in response to Audit Observation

Based on the observation made by C&AG Audit during the Account Audit 2018-19 vide HM No. 54 (1) and (2), following corrigendum is issued with the approval of Competent Authority

Name of Document	Page no.	Note No., Line No.	In place of		Read	
Notes on Accounts (Schedule-19)	24	Note no. 23, Line no. 16	Less: Net Administrative exp. for the year transferred sch-5	469.38	Less: Net Administrative exp. For the year transferred sch-5	471.73
			Agency Charges : Balance as on 31.03.2019	3165.43	Agency Charges : Balance as on 31.03.2019	3163.08
Notes on Accounts (Schedule-19)	18	Note. No. 6, Line no. 8	During the current as well as previous year no grant or loan towards execution of (EAP) has been received from the Government of India.		As against a grant of Rs. 186.00 crore for execution of Externally Aided Projects (EAP) during the year 2017-18, no grant has been received from Government of India during FY 2018-19.	



NATIONAL HIGHWAYS AUTHORITY OF INDIA

Ministry of Road Transport and Highways, Government of India

G-5 & 6, Sector-10, Dwarka, New Delhi-110075

Website: www.nhai.gov.in