

# Business Standard

## Farmers' stir hits 24 BOT road projects, total revenue loss Rs 1,060 cr

Rating agency CARE said the disruption of toll collections for state projects since October 2020 accentuated with no fees collection at toll plazas since December 2020

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The ongoing farmers' agitation in Punjab and Haryana has led to toll

suspension in 24 road projects, causing a daily revenue loss of about Rs 4.8 crore. A total revenue loss is pegged at Rs 1,060 crore till July 31, 2021, according to rating agency CARE Ratings.

Thirteen build-operate-transfer (BOT) national highway projects and eleven BOT state highway projects have been impacted by agitation.

The rating agency said in a statement that the disruption of toll collections for state projects since October 2020 accentuated with no fees collection at toll plazas since December 2020.

The National Highways Authority of India (NHAI) issued a circular this July acknowledging the farmers' stir as an indirect political force majeure event. It reiterated clauses of concession agreement allowing extension of concession period and reimbursement up to fifty percentage of actual cost (O&M and interest) beyond insurance.

CARE Rating said it foresees stressed national highway BOT projects opting for termination of concession due to sustained force majeure (FM) as event has exceeded 180 days. This is likely to comprise projects worth Rs 4,800 crore opting for termination.

Remedial measures upon force majeure event under major state highway concessions are similar to those of NHAI. But for Punjab Infrastructure Development Board, the clarity is still awaited.

The estimated compensation from NHAI for thirteen BOT toll projects shall be ~Rs.1.60 crore per day, covering ~37 per cent of loss of revenue. Nine out of thirteen NHAI BOT projects in Punjab and Haryana were facing liquidity constraints even prior to FM event due to significant underperformance in toll collection.

Ratings extent of counter claims by NHAI including deferred premium obligations shall influence decision making of developers of these projects.

CARE Ratings has rating coverage for thirteen BOT NHAI and state roads projects in Punjab and Haryana with aggregate rated debt of Rs 2,242 crore. Out of this, debt of Rs 2,038 crore is rated in default grade due to continued underperformance.

Also, ratings of debt of Rs 100 crore was revised from "BBB+/ Stable" to "BBB/Credit Watch with Negative implications due to uncertainty in toll resumption. The ratings of project debt of Rs104 crore were unchanged as these projects are division of the parent's balance sheet, it added.