
Northern India Regional Council

Professional Opportunities in HAM

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ALA LEGAL

Puneet Agrawal

Partnr



Increasing acceptability of HAM projects

Past performance

- From the recent data it appears the total project cost of HAM projects is more than the EPC contracts. – *it shows that the big contracts are awarded under HAM.*
- HAM features have garnered a favourable response and mix of HAM awards has increased from 10% in FY16 to 48% in H1FY2021.
- More than 13,000 km length of roads, at a cost of `3.3 lakh crores, has already been awarded under the `5.35 lakh crores Bharatmala Pariyojana project of which 3,800 kms have been constructed (*budget speech*)

Opportunities to unleash

- The central government has set a target of increasing the investment in infrastructure to over Rs 111 lakh crore over the period FY20-FY25, a majority is planned towards transportation. - Within the transportation segment, projects worth Rs 36.7 lakh crore, constituting 55% of transportation infra, are for the road sector.

Upcoming road projects- 2021

- By March 2022, we would be awarding another 8,500 kms and complete an additional 11,000 kms of national highway corridors. (Budget speech)
- Some flagship corridors that would see considerable activity 2021-22 are listed below: (as per budget speech)

Sr. No.	Major projects/ corridors	Planned timelines
1	Delhi-Mumbai expressway	Stretch of 260 Km will be awarded before 31.03.2021
2	Chennai – Salem Corridor	277 km. Expressway will be awarded in 2021-22
3	Bengaluru – Chennai Expressway	278 km will be initiated in the current financial year
3	Raipur – Vishakhapatnam	464 km. will be awarded in the current financial year

Favourable views in the industry

01 FEBRUARY 2021 Last Updated at 7:04 PM | SOURCE: PTI

Pvt investment of Rs 30,000 cr expected in 2021-22 through HAM, BOT projects: Highways secy

NHAI to award highway projects worth Rs 72,000 cr in Q4FY21

The fourth quarter highway project pipeline of the ministry will give a major push to awarding of the projects in current financial year, which have been deeply impacted by the Covid-19 pandemic

Govt eyes Rs 30k cr private investment in highway projects

The Union Budget had allocated Rs 1.18 lakh crore for highways from the central coffers—the highest ever—and around Rs 65,000 crore is to be raised from extra budgetary resources, including borrowings.

TRANSFORMATION

‘Revised HAM to boost investor confidence, catalyse stake sales’

Highway construction to get on fast track! HAM projects get new lease of life

By: Surya Sarathi Ray

November 16, 2020 8:15 AM

With the govt addressing concerns pertaining to its execution, the model is expected to draw road developers once again

Opportunities for Chartered Accountants

Chartered Accountants having comprehensive knowledge about tax, accounting and finance have a lot of professional opportunities in HAM:

- ***Increasing number of projects*** – Out of Rs. 73,000 worth of road/ highway projects planned to be allocated in Q4FY21, more than 50% to be tendered via HAM
- ***Project financing*** and debt syndication for HAM projects since it uses a non-recourse financing through SPV structure
- ***Statutory audit*** – as every project is allotted to a separate SPV
- ***GST compliance and advisory***
- ***GST audit compliances*** – as there is inverted duty structure
- ***Income tax advisory*** – compliance of ICDS
- ***Bid Advisory*** for new entrants who are entering into the developer mode (from erstwhile EPC mode) including bid documentation, financial modelling, contract review etc.

Opportunities for Chartered Accountants (contd.)

- ***Tax and accounting due-diligence*** as the pace of acquisitions is expected to increase.
 - A lot of developers have strong capability in EPC/ Construction and likely to sell the project once commissioned to recycle their equity.
 - Hence, the market is likely to see consolidation with key players having larger portfolio of such projects.
- ***Hand holding in project acquisition*** - Increasing interest from international investors/ developers to acquire HAM projects
- ***Software and system driven accounting*** - financial accounting (**Ind AS**), and income tax accounting (**ICDS**) is based upon Common entries but different standards apply opening opportunities for the CAs
- ***Audit on behalf of the lenders (mainly banks), and NHAI***
- ***Risk mitigation strategies***
- ***GST refunds***

THANK YOU

Contact us:

Puneet Agrawal

ALA Legal, Advocates & Solicitors

puneet@alalegal.in | +91-9891898911

Website: alalegal.in | Blog: gstlawindia.in

