

Ref: SEL/2023-24/77

August 14, 2023

To,
The Dy Gen Manager
Corporate Relationship Dept
BSE Limited
PJ Tower, Dalal Street,
Mumbai- 400 001

To,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051
Fax : 022-26598237-38

Equity Scrip Code:532710

Equity Scrip Name: SADBHAV

Sub: Outcome of the Meeting of the Board of Directors of Sadbhav Engineering Limited ('the Company') held on 14th August, 2023.

Dear Sir/ Madam,

In compliance to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations") we hereby inform that meeting of Board of Directors of the Company held today (i.e. 14/08/2023), in which Board of Directors of the company has considered following business:

1. Approved and adopted the standalone and consolidated Unaudited Financial Results of the Company for the Quarter ended on 30th June, 2023.

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the following:

- a. Standalone and Consolidated Unaudited Financial Results of the Company for Quarter ended on 30th June, 2023.
 - b. Limited Review Reports with modified opinion with respect to Unaudited Financial Results of the Company for the Quarter ended on 30th June, 2023.
2. The 34th Annual General Meeting (AGM) of the Company will be held on Saturday, September 30, 2023 through Video Conference("VC") / Other Audio Visual Means ("OAVM").
 3. Members of the Company, holding shares either in physical form or in dematerialized form, as on 25th August, 2023, (cutoff date), shall be entitled to receive the Annual Report for the period 2022-23.
 4. Register of Members and Share Transfer Books of Company shall remain closed from Sunday, 24th September, 2023 to Saturday, 30th September, 2023 (both days inclusive) for the purpose of 34th Annual General Meeting of the Company.

Sadbhav Engineering Limited

Regd Office: "Sadbhav House", Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad – 380006

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5. The remote e-voting period will commence from Wednesday, 27th September, 2023 at 9.00 a.m. and would end on Friday, 29th September, 2023 at 5.00 p.m. During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on Saturday, 23rd September, 2023 (cut-off date for remote e-voting), may cast their vote through remote e-voting.

The meeting of Board of Directors commenced at 09:00 p.m. and concluded at 10:30 p.m.

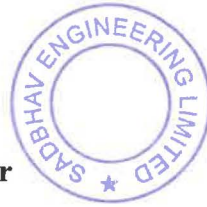
You are requested to take the above on your record.

Thanking you.

Yours truly,

For Sadbhav Engineering Limited

Shashin V. Patel
Chairman and Managing Director
DIN: 00048328



SADBHAV ENGINEERING LIMITED
CIN NO.: L45400GJ1988PLC011322

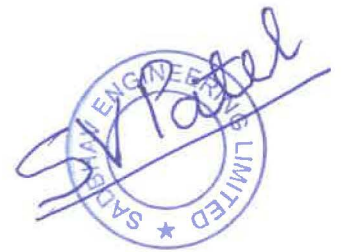
Corp. Office: "Sadbhav", Near Havmor Restaurant, B/H Navrangpura Bus Stand, Navrangpura, Ahmedabad-380 009 Gujarat

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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2023

(Rs. in Lakhs, except for earning per share)

	Particulars	Quarter ended			Year ended
		June 30,2023 (Unaudited)	March 31,2023 (Audited)	June 30,2022 (Unaudited)	March 31,2023 (Audited)
	Income				
1	Revenue from operations	40,483.39	19,455.48	27,016.80	88,917.28
2	Other income	1,722.14	10,919.54	1,740.67	16,498.71
3	Total Income (1+2)	42,205.53	30,375.02	28,757.47	1,05,415.99
4	Expenses				
	Cost of Material Consumed	421.26	2,732.01	2,820.85	12,293.84
	Construction Expenses	27,896.06	19,346.37	18,726.89	63,595.46
	Employee benefits expense	608.53	801.13	1,229.08	3,687.39
	Finance costs	4,182.05	4,207.04	4,083.51	16,491.77
	Depreciation and amortization expense	761.10	937.43	1,248.71	4,446.99
	Other expenses (Refer note no. 6)	7,909.95	27,461.36	2,885.01	36,796.23
	Total Expenses	41,778.95	55,485.34	30,994.05	1,37,311.68
5	Profit/(Loss) before exceptional Items and tax (3-4)	426.58	(25,110.32)	(2,236.58)	(31,895.69)
6	Exceptional Items (Refer Note no. 3)	207.04	(1,284.72)	-	(2,490.66)
7	Profit/(Loss) before tax (5+6)	633.62	(26,395.04)	(2,236.58)	(34,386.35)
8	Tax Expense (incl. short/excess provision of earlier year(s))	415.31	446.12	-	157.32
	Deferred Tax	112.94	67.44	(5.82)	104.71
9	Profit/(Loss) for the period from continuing operations (7-8)	105.37	(26,908.60)	(2,230.76)	(34,648.38)
10	Other Comprehensive Income (OCI)				
	Items that will not be reclassified to profit or loss (Net of tax)	-	24.08	-	27.71
11	Total Comprehensive Income for the period / year (9+10)	105.37	(26,884.52)	(2,230.76)	(34,620.67)
12	Paid up Equity share Capital (face value of Re. 1/- each)	1,715.71	1,715.71	1,715.71	1,715.71
13	Other Equity excluding Revaluation Reserves as at 31st March	-	-	-	106516.11
14	Basic & Diluted EPS (Rs.) (Face value of Re. 1/- each) (*not annualized)	0.06*	-15.68*	-1.3*	-20.19



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Notes :

- 1 The above results were reviewed and recommended by the Audit Committee and were approved by the Board of Directors at their respective meetings held on August 14, 2023. The results are prepared in accordance with the Indian Accounting Standards (IND AS) as prescribed under section 133 of the Companies Act, 2013. In accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The Statutory Auditors of the Company have carried out Limited Review of the above results.

- 2 The segment reporting is in accordance with its internal financial reports derived from SAP system which is reviewed by Chief Operating Decision Maker (CODM), CFO. Consequently, the Company has considered business as whole as a single operating segment in accordance with Indian Accounting Standard ('Ind AS') 108.

- 3 Exceptional items include:
 - a. During the quarter ended June 30, 2023
 - (i) Profit of Rs. 207.04 lakhs on sale of assets.

 - b. During year ended March 31, 2023 :
 - (i) Profit of Rs. 493.10 lakhs on a sale of assets.
 - (ii) Loss of Rs.1512.00 lakhs being loss on endorsement of concession on substitution of the Sadbhav Bangalore Highway Private Limited (SBGHPL), a step down subsidiary (Refer Note No. 6(d))
 - (iii) Loss of Rs. 1471.76 lakhs being loss on account of provision made on loan given to Rohtak Hissar Tollway Private Ltd, a step down subsidiary.

- 4 During year ended March 31, 2023, the Company has initiated action for monetization of the assets and One Time Settlement (OTS) discussions with the Trade Creditors as a part of the deal, upon insistence of the buyers of assets. The Company has reviewed its outstanding payable and identified those debts that have been outstanding beyond limitation period and not payable. The management has evaluated the balances in all accounts of the creditors and determined to write back the outstanding payables considering factors such as the age of the outstanding and impairment in contract assets against such payables etc. The management is in discussion with the vendors and process of obtaining confirmation is initiated.
Considering the management assessment, the balances of Rs. 11066.47 lakhs in vendor accounts have been written back and included under the head other income in the financial results for the year ended March 31, 2023. Having regard to this the management believes that carrying amount of trade payables is fairly valued.

- 5 The Company has outstanding loan and other receivable aggregating to of Rs. 14867.32 lakhs given to Rohtak Panipat Tollway Private Limited (RPTPL), a step-down subsidiary company which is engaged in construction, operation and maintenance of road projects under concession agreement with National Highways Authorities of India (NHAI). The net worth of RPTPL has fully eroded. RPTPL has issued the termination notice on July 27, 2021, to National Highway Authority of India (NHAI) by exercising the criteria of "Event of Defaults" under the concession agreement.

In this regard the management of RPTPL lodged total claims aggregating to Rs. 3,95,784.40 Lakhs relating to termination payments, O&M cost due to force majeure, Covid claim & demonetization etc. In respect of such claims, The RPTPL has given notice invoking arbitration vide letter dt 27.03.2023.

During the quarter ended June 30,2023, in respect of Arbitration Claim of Rs. 222057.40 lakhs for competing road, the award by Majority is passed on May 30, 2023 against the RPTPL. The RPTPL has filed the application under section 34 of the Arbitration and Conciliation Act, 1996 before the Honourable Delhi High Court. Further with respect to the balance claim of Rs. 173727 lakhs, the arbitration proceeding is pending before the Arbitration Tribunal.

Considering the management assessment of probability and tenability of receiving above claims from NHAI as per the terms of concession agreement, which is backed by legal opinion and matter is pending before the Honourable Delhi high Court, the management has assessed that there is no impairment in the value of loan given to RPTPL and consequently no provision/adjustment to the carrying value of loan and other receivable as at June 30, 2023 is considered necessary.

The statutory auditors have expressed qualified opinion on financial results in respect of above as regards recoverable value of Company's outstanding loan given to RPTPL.



- 6 a. In case of Sadbhav Nainital Highway Limited (Concessionaire or SNHL) which is engaged in construction, operation and maintenance of infrastructure project under concession agreement with National Highways Authorities of India (NHAI), National Highways Authority of India (NHAI) vide its letter dated April 17, 2023 has given In-Principal approval for harmonious substitution of concessionaire. Thereafter the SNHL has entered into definitive agreement on July 14, 2023 for substitution of the SNHL with the new SPV nominated by new concessionaire and also executed Endorsement Agreement dated July 14, 2023 with the approval of NHAI for harmonious substitution of the SNHL in favour of new concessionaire for implementation of the project.

In terms of harmonious substitution, all the balances outstanding, pertaining to SNHL in books of the Company have been adjusted and amount of Rs. 4328.10 Lakhs has been transferred to statement of profit and loss and included in other expenses in the results for the quarter ended on June 30, 2023.

b. Company has entered in Tripartite settlement agreement with National Highways Authorities of India (NHAI) and Gawar Construction Limited (GCL) on 18th April, 2023 in respect of an EPC project of Construction of NH-24 Extension 4-lane bypass starting from Behta Road and terminating at Sitapur road in the State of Uttar Pradesh for subletting the said project to GCL for balance work. In terms of this settlement, all the balances outstanding, pertaining to this project in books of the Company have been adjusted and net balance of Rs. 3074.84 Lakhs has been transferred to statement of profit and loss and included in other expenses in the results for the quarter ended June 30, 2023.

c. In respect of Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), a step-down subsidiary company pursuant to the definitive agreement entered into between The Company, SJRRPL, Sadbhav Infrastructure Project Limited (The subsidiary company) and Gawar Construction Limited (GCL) as on June 28, 2022 for substitution of the SJRRPL with the new SPV nominated by GCL and also executed Endorsement Agreement between the SJRRPL and JRR Highways Private Limited (new concessionaire) dated July 13, 2022 with the approval of NHAI for implementation of the project by new concessionaire in substitution of the SJRRPL.

In terms of this substitution, all the balances outstanding, pertaining to SJRRPL, in books of the Company have been adjusted and net debit balance of Rs. 2606.04 Lakhs has been transferred to statement of profit and loss and included in other expenses in financial results for the year ended March 31, 2023.

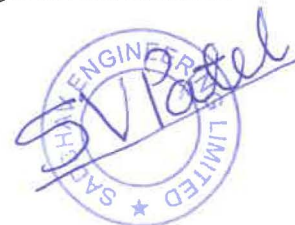
d. In case of Sadbhav Bangalore Highway Private Limited (SBGHPL or concessionaire) which is engaged in construction, operation and maintenance of infrastructure project under concession agreement with National Highways Authorities of India (NHAI), the lenders of SBGHPL have exercised their right of substitution of concessionaire in the month of January, 2022. Subsequently, the lenders have approved the anchor offer received from the Gawar Construction Limited in the month of October 2022 for the purpose of substitution of SBGHPL and necessary documents have been executed in the month of February 2023 in connection therewith.

In terms of this substitution, all the balances outstanding, pertaining to SBGHPL in books of the Company have been adjusted and amount of Rs. 4082.80 Lakhs has been transferred to statement of profit and loss and included in other expenses and amount of Rs. 1512.00 lakhs being loan outstanding is transferred to statement of profit and loss and included in exceptional items in financial results for the year ended March 31, 2023.

e. In case of Sadbhav Bhavnagar Highway Limited (SBHL) and Sadbhav Una Highway Limited (SUHL) which are engaged in construction, operation and maintenance of infrastructure projects under concession agreement with National Highways Authorities of India (NHAI), the holding company of SBHL and SUHL i.e. Sadbhav Infrastructure Project Limited (SIPL), subsidiary of the Company. During the quarter ended on December 31, 2022, the SIPL had reached an understanding with Kalthia Engineering and Construction Limited for proposed stake sale of Sadbhav Bhavnagar Highway Limited (SBHL) and Sadbhav Una Highway Limited (SUHL) whereby it has agreed to sell its entire shareholding in SBHL and SUHL.

During the quarter ended June 30, 2023, the SIPL has entered into Share Purchase Agreement (SPA) to transfer the entire share holding into SBHL and SUHL In accordance with this understanding, all the balances outstanding, pertaining to SBHL / Bhavnagar project and SUHL / Una project, in books of the Company have been adjusted during the year ended March 31, 2023.

- 7 Company reviews its outstanding trade receivable, advance to vendor and loans given and identifies those debts that have been outstanding for an extended period and are unlikely to be received. The Company applies the prudence concept and decides to write off/provide for the doubtful trade receivable, advance to vendor and loans given as expenses amounting to Rs. 26337.58 lakhs for the year ended March 31, 2023.



- 8 In terms of Ind AS – 115 – “Revenue from Contracts with the Customers”, the Company recognises contract assets on the basis of actual cost incurred on contract till reporting date and estimated cost to complete (CTC) to the contract as per percentage of completion method. The CTC is reviewed at the balance sheet date and adjustments are affected to the carrying value of contract assets on the basis of such review. The certification of work completion and acceptance of final bill by the customers usually takes significant period of time and this period varies from contract to contract.

During last few years there has been substantial increase in the cost of construction. Further, there were delays in execution of the work due to resource constraints. To overcome this situation since last two year, the Company sub-contracted or took exit from some of the works post final measurement of work done by the company. There is no pass through of higher cost over-run as the contracts are fixed price contracts.

In the light of the above situation, the management reviews the carrying value of contract assets as on the balance sheet date. Based on such review, the impairment to the carrying value of the contract assets is made in the financial statements in terms of Ind AS – 115 – “Revenue from Contracts with the Customers”. The management is taking effective steps for realization of these assets. The contract assets as on March 31, 2023 includes amount of Rs. 35021.63 lakhs in respect of which claim have preferred and based on legal opinion that management believes that the amount is realisable.

- 9 The company acknowledges that there are difficulties in meeting payment obligation to suppliers and dues in the normal course of business. There are also delays/defaults in repayment of dues to lenders. The consortium of lenders of the company, except one lender, had signed an Inter Creditor Agreement on December 26, 2022, due to defaults in the repayment of dues, leading to the company's account being classified as Non-Performing Assets by many lenders. Hence there are challenges to the company's operations as going concern.

Due to delays in the completion of EPC works under execution essentially on account of shortage of working capital, the Company has taken proactive steps to rearrange the EPC contracts. The management has also been in the process of monetizing the existing HAM Projects of the group and submitting the Restructuring Plan to the consortium of lenders. Sale transactions have been completed for two HAM Projects, while agreements have been concluded for monetization of one more HAM Project. The company has also signed binding term sheets for 3 more HAM projects. The process of monetization for these 3 HAM Projects and one more project is expected to be completed within this calendar year.

Based on these, the Company is in discussion with the Consortium of lenders to finalize the Resolution / Restructuring Plan. The ingredients of Resolution Plan include monetization of HAM and other Assets, infusion of funds from the promoters, cashflows from Gadag Project, receipt of claim amounts from projects under arbitration and dispute settlement, receivables, and refinance / stake sale of operational projects as well as of restructuring of lender dues. These activities are expected to reduce liabilities to sustainable levels, apart from bringing about much needed liquidity in the company to enable it to bid for new projects and ramp up its execution.

Considering the expected approval from lenders of the proposed Resolution Plan, realization of receivables and proceeds from monetization and infusion of funds from promoters, the management believes that Company will be able to ramp up its operations and generate incremental cash-flows.

Hence in the opinion of the Management, there is no threat to the “Going Concern” assumption made in the preparation of financial results for the quarter ended June 30, 2023.

- 10 As per the consolidated financial statements of the Sadbhav Infrastructure Project Limited (SIPL) and its subsidiaries, there is negative networth of the Group of SIPL and its subsidiaries. The Company has investment in and given loan to SIPL, the amount of which is Rs. 82891.86 lakhs as on June 30, 2023. The management had carried out impairment assessment of these assets as on March 31, 2023 and based on the assesment it is concluded that no impairment is required to the carrying value of investment in and loan to SIPL.
- 11 Deferred tax asset include Rs. 6537.25 lakhs being amount of unused tax credit recognized in earlier years. Based on the projection of future profitability, management believes that the Company will have regular taxable income against which the unused tax credit will be adjusted.



- 12 During the quarter ended June 30, 2023 revenue from operations includes sale of material of Rs. 644.89 lakhs and Rs. 13660.17 lakhs being amount of compensation on forgoing an EPC contract and cost of material sold of Rs. 355.95 lakhs is included in cost of material consumed.

During the year ended March 31, 2023 revenue from operations include sale of material of Rs. 3057.36 lakhs and cost of material sold of Rs. 2617.13 lakhs is included in cost of material consumed.

- 13 As on June 30, 2023 , the outstanding amount of unlisted non-convertible debentures of the company is aggregating to Rs. 10075.00 lakhs Said debentures are not listed. Hence the disclosure required in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, is not required.
- 14 The Company has made payment towards redemption of Non-Convertible Debentures including interest there on to the Non-Convertible debentures holders for Non-Convertible Securities on 22nd June, 2023. Consequently there are no outstanding listed debentures as on 30th June, 2023, Therefore, additional Information pursuant to Regulation 52(4) and Regulation 54(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not required to be given in the results.
- 15 The figures of March 31, 2023 quarter ended are the balancing figures between audited figure, in respect of the full financial year upto March 31, 2023 and the unaudited published year-to-date figures upto December 31, 2022, being the date of the third quarter of the financial year which were subjected to limited review.

For SADBHAV ENGINEERING LIMITED

Shashin V. Patel
Chairman and Managing Director
DIN: 00048328
Place : Ahmedabad
Date : August 14, 2023



SIGNED FOR IDENTIFICATION BY
Kantel
MANUBHAI & SHAH LLP
CHARTERED ACCOUNTANTS

Manubhai & Shah LLP

Chartered Accountants

Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of Sadbhav Engineering Limited pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors of
Sadbhav Engineering Limited

- 1) We have reviewed the accompanying Statement of unaudited Standalone Financial Results of **Sadbhav Engineering Limited** (the "Company") for the quarter ended on June 30, 2023 (the "Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
- 2) This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
- 3) We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
- 4) We draw attention to Note 5 to the accompanying Standalone Financial Results with respect to termination of concession agreement by Rohtak Panipat Tollway Private Limited step-down subsidiary of the Company. The said step-down subsidiary has issued notice of termination of concession agreement to National Highways Authority of India (NHAI) on account of Force Majeure Event as per concession agreement. As explained in the said note considering the expected payment arising out of aforesaid termination and other claims filed with NHAI management has concluded that no impairment / adjustment to the carrying value of the loan and other receivables balance is necessary as at June 30, 2023.



Manubhai & Shah LLP, a Limited Liability Partnership with LLP identity No.AAG-0878
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However, we have not been able to corroborate the management's contention of realizing the carrying value of loan and other receivables of Rs. 14,867.32 Lakhs as on the reporting date, related to the said step-down subsidiary.

Accordingly, we are unable to comment on the appropriateness of the carrying value of such loan and the consequential impact on the financial results of the Company for the quarter ended on June 30, 2023.

Our opinion on financial statements for the quarter and year ended on March 31, 2023 and conclusion on financial results for the quarter ended on June 30, 2022 were also qualified in respect of this matter.

- 5) Based on our review conducted as above, except for the possible effects of our observation in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6) Material uncertainty related to going concern:

We draw attention to Note 9 to the accompanying Standalone Financial Results, which indicates that there are defaults in repayment of due to lenders and the Company finds difficulty in meeting obligations of payment to suppliers and statutory dues. Further, consortium of the lenders of the Company have executed Inter-Creditor Agreement on December 26, 2022 and accounts by the many lenders have been classified as Non-Performing Assets. These events or conditions along with other matters as set forth in the said note indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the said note.

Our conclusion is not modified in respect of this matter.

For, Manubhai & Shah LLP
Chartered Accountants

ICAI Firm Registration Number:106041W/W100136

K. C. Patel

Partner

Membership No: 030083

ICAI UDIN: 23030083BGWUXN2226



Place: Ahmedabad

Date: August 14, 2023

SADBHAV ENGINEERING LIMITED
CIN NO.: L45400GJ1988PLC011322

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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2023

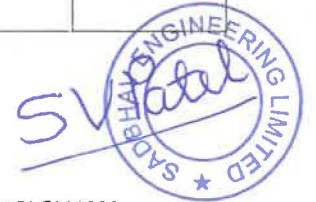
(Rs. in Lakhs, except for earning per share)

Sr. No.	Particulars	Quarter ended			Year ended
		June 30,2023 (Unaudited)	March 31,2023 (Audited)	June 30,2022 (Unaudited)	March 31,2023 (Audited)
1	Revenue From operations	71,116.23	42,567.12	50,049.38	1,77,693.69
2	Other income	4,934.65	15,451.85	7,905.80	39,955.57
3	Total Income (1+2)	76,050.88	58,018.97	57,955.18	2,17,649.26
4	Expenses				
	Cost of Material Consumed	421.25	2,732.00	7,652.35	12,293.84
	Construction Expenses	44,011.31	31,192.91	25,515.12	1,07,584.97
	Employee benefits expense	1,346.33	1,537.23	1,906.88	6,585.59
	Finance costs	14,277.60	(7,856.95)	26,061.27	66,106.38
	Depreciation and amortization expense	3,277.80	3,381.93	3,612.11	13,096.79
	Other expenses (Refer Note No. 10)	10,044.20	28,678.26	6,161.95	46,432.50
	Total Expenses	73,378.50	59,665.38	70,909.68	2,52,100.07
5	Profit/(Loss) before exceptional Items and tax (3-4)	2,672.39	(1,646.41)	(12,954.50)	(34,450.81)
6	Exceptional Items (Refer Note No. 3)	(3,048.86)	8,534.08	(9,828.88)	(36,883.14)
7	Profit/(Loss) before tax for the period / year (5+6)	(376.47)	6,887.67	(22,783.38)	(71,333.95)
8	Tax Expense	807.53	841.80	445.10	2,110.30
	Deferred Tax	140.34	(1,495.16)	532.98	(1,839.09)
	Adjustment for short or excess Provision of the previous year	306.58	(362.08)	-	(1,666.18)
9	Profit/(Loss) for the period / year from containing operations (7-8)	(1,630.92)	7,903.11	(23,761.46)	(69,938.98)
10	Net Profit/(Loss) for the period / year after taxes, Non-controlling Interest and share of (loss) of associates (9-10)	(1,630.92)	7,903.11	(23,761.46)	(69,938.98)
11	Other Comprehensive Income (OCI)				
	Items that will not be reclassified to profit or loss (Net of tax)	-	23.18	-	38.41
12	Total Comprehensive Income for the period / year (10+11)	(1,630.92)	7,926.29	(23,761.46)	(69,900.57)
13	Profit/ (Loss) for the period/year attributable to:				
	Owners of the Company	(1,023.90)	(2,488.36)	(17,239.73)	(58,909.87)
	Non-controlling Interest	(607.02)	10,429.88	(6,521.73)	(11,029.11)
14	Other Comprehensive Income for the period / year attributable to:				
	Owners of the Company	-	32.81	-	32.81
	Non-controlling Interest	-	5.60	-	5.60
15	Total Comprehensive Income for the period / year attributable to:				
	Owners of the Company	(1,023.90)	(2,530.70)	(17,239.73)	(58,877.06)
	Non-controlling Interest	(607.02)	10,418.58	(6,521.73)	(11,023.51)
	Total Income (Including other comprehensive Income)	(1,630.92)	7,887.88	(23,761.46)	(69,900.57)
16	Paid up Equity share Capital (face value of Re. 1 each)	1,715.71	1,715.71	1,715.71	1,715.71
17	Other Equity excluding Revaluation Reserves as at 31st March	-	-	-	15,806.51
18	Basic & Diluted EPS (Rs.) before extra ordinary items (Face value of Re. 1/- each) (*not annualized)	-0.6*	-1.45*	-10.05*	-34.34

Sadbhav Engineering Limited

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Notes :

- 1 The aforesaid unaudited consolidated financial results of Sadbhav Engineering Limited ('the Company' or 'holding company') and its subsidiaries (holding company together referred to as 'Group') for the quarter ended June 30, 2023 have been reviewed and recommended by the audit committee and approved by the Board of Directors at their respective meetings held on August 14, 2023. The results are prepared in accordance with the Indian Accounting Standards (IND AS) as prescribed under section 133 of the Companies Act, 2013. The statutory auditors have carried out limited review of the same.
- 2 The revenue from operations includes revenue from construction contracts of Rs. 14581.80 lakhs, Rs. 6889.60 lakhs, Rs. 22006.20 lakhs for quarter ended June 30, 2023, March 31, 2023 and June 30, 2022 respectively and Rs. 49279.20 lakhs for the year ended March 31, 2023 respectively related to intangible assets under development and development of Hybrid Annuity assets as per concession arrangements which are recognised in accordance with the requirements of Appendix-D of Ind AS 115 "Revenue from contracts with customers."
- 3 The accompanying Statement includes unaudited interim financial results and other unaudited financial information in respect of the Maharashtra Boarder Check Post Network Limited, the material stepdown subsidiary company which has been approved by the Management, whose unaudited interim financial results/information reflect, total revenue of Rs. 8283.70 lakhs and Rs. 7453.00 lakhs, total net profit/(loss) after tax of Rs. 446.80 lakhs and Rs. (91.10) lakhs and total comprehensive income of Rs. 446.80 lakhs and Rs. (79.50) lakhs for the quarter ended on June 30, 2023 and June 30, 2022 respectively.

4 Exceptional items include:

Particulars	(Rs. in Lakhs)	
	Quarter ended June 30, 2023	Year ended March 31, 2023
Loss/(Profit) on account of harmonious substitution of Concession of Sadbhav Jodhpur Ringroad Private Limited (SJRRPL) (Refer Note No. 10 (a))		8,093.32
Loss account of sale of units of Indinfravit Trust held by Sadbhav Infrastructure Projects Limited (SIPL), a Subsidiary Company.		474.50
Provision for impairment of investment in shares of Sadbhav Jodhpur Ringroad Private Limited by SIPL (Refer Note No.10 (a))		1,165.00
Provision for impairment of investment in shares of Sadbhav Bangalore Highway Private Limited by SIPL. (Refer Note No. 10 (b))		3,090.30
Loss on endorsement of concession on substitution of the Sadbhav Bangalore Highway Private Limited (SBGHPL) for the half year ended on September 30, 2022. (Refer Note No.10 (b))	599.60	22,584.56
(Profit) on sale of shares of Sadbhav PIMA Private Limited (including reversal of provision for impairment of Rs. 5 lakhs) (Refer note 4.1 below)		(109.90)
(Profit)/Loss on account of the sale of assets.	(207.04)	(493.10)
Loss on Sale of Stake in Sadbhav Bhavnagar Highway Limited (Refer Note 4.2)	1,246.30	978.80
Loss on Sale of Stake in Sadbhav Una Highway Limited (Refer Note 4.2)	1,410.00	
(Profit)/Loss on Sale of 49% stake in Maharashtra Boarder Checkpost Network Limited (Refer Note 4.3 below)		(372.10)
loss on account of provision made on loan given to the step down subsidiary.		1,471.76
	3,048.86	36,883.14

- 4.1 The Sadbhav Infrastructure Project Limited (SIPL), a subsidiary has entered into Share Purchase and Subscription Agreement on November 1, 2022 whereby it has agreed to sell its entire shareholding in Sadbhav PIMA Private Limited (Subsidiary Company) to Ind Infravit Trust at an aggregate consideration of Rs. 115.00 lakhs. During the quarter ended on December 31, 2022, the company has transferred shares in subsidiary company on December 12, 2022. The profit on transfer of these shares amounting to Rs. 109.90 lakhs is recognised as an exception during the year ended March 31, 2023.



- 4.2 During the year ended March 31, 2023, the Sadbhav Infrastructure Project Limited (SIPL), subsidiary has entered into Memorandum of Understanding (MOU) in the month of January, 2023 with Kalthia Engineering and Construction Limited for stake sale of Sadbhav Bhavnagar Highway Limited (SBHL) and Sadbhav Una Highway Limited (SUHL) whereby it has agreed to sell its entire shareholding in SBHL and SUHL at an enterprise value of Rs. 75182.00 lakhs. The sale will be completed on fulfilment of conditions precedent as specified in the said MOUs after execution of Share Purchase agreement. Having regard to this transaction, SIPL has carried out impairment testing of investment in these step down subsidiary companies. Based on such assessment, the SIPL has made provision for Impairment in shares amounting to Rs. 978.80 lakhs in value of investments in said subsidiaries during the previous year ended March 31, 2023.

During the quarter ended June 30, 2023, the SIPL has entered into Share Purchase Agreement (SPA) to transfer the entire share holding into SBHL and SUHL for consideration of Rs. 16200 lakhs. Considering the same all balances relating to SBHL and SUHL in the books of the SIPL have been written off / written back and net amount of Rs 2656.30 lakhs is included as exceptional item in these financial results.

- 4.3 SIPL, a subsidiary and Adani Road Transport Limited (ARTL) executed Share Purchase Agreement (SPA) on August 16, 2021 (Amended and restated on January 27, 2022), for sale of its equity shares of Maharashtra Border Check Post Network Limited (MBCPNL) a wholly owned subsidiary of the SIPL, out of which 49% shares have been acquired by ARTL. During the year ended March 31, 2022, the SIPL has received consideration of Rs. 35750 lakhs and it has recognised loss of Rs. 7851.90 lakhs in relation of transfer of 49% stake. During the previous year March 31, 2023, the company has received part consideration of Rs. 372.10 lakhs has been shown as exceptional item.

- 5 During the year ended March 31, 2023 the Holding Company has initiated action for monetization of the assets and One Time Settlement (OTS) discussions with the Trade Creditors as a part of the deal, upon insistence of the buyers of assets. The Holding Company has reviewed its outstanding payable and identified those debts that have been outstanding beyond limitation period and not payable. The management has evaluated the balances in all accounts of the creditors and determined to write back the outstanding payables considering factors such as the age of the outstanding and impairment in contract assets against such payables etc. The management is in discussion with the vendors and process of obtaining confirmation is initiated.

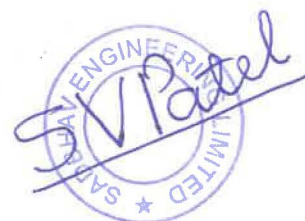
Considering the management assessment, the balances of Rs. 11066.47 lakhs in vendor accounts have been written back and included under the head other income in the financial results during the year ended March 31, 2023. Having regard to this the management believes that carrying amount of trade payables is fairly valued.

- 6 Key Numbers of standalone financial results of the Company are as under:

(Rs. in lakhs)

Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2023 (Unaudited)	March 31, 2023 (Audited)	June 30, 2022 (Unaudited)	March 31, 2023 (Audited)
1	Revenue from operations	40,483.39	19,455.48	27,016.80	88,917.28
2	Net (loss) before tax	633.62	(26,395.04)	(2,236.58)	(34,386.35)
3	Net (loss) after tax	105.37	(26,908.60)	(2,230.76)	(34,648.38)
4	Total comprehensive income	105.37	(26,884.52)	(2,230.76)	(34,620.67)

- 7 The segment reporting is in accordance with its internal financial reports derived from SAP system which is reviewed by Chief Operating Decision Maker (CODM)-Chief Financial Officer (CFO). Consequently, the Group has considered business as whole as a single operating segment in accordance with Indian Accounting Standard 108 - "Segment Reporting".



- 8 One of the step down subsidiary of the Group namely Rohtak Panipat Tollways Private Limited (RPTPL) has issued the termination notice on July 27, 2021, to National Highway Authority of India (NHAI) by exercising the criteria of "Event of Defaults" under the concession agreement. Since the project has been terminated, the management of RPTPL is of the view that going concern assumption for preparation of accounts is not appropriate and accounts have been drawn accordingly on non-going concern basis.

In this regard the management of RPTPL lodged total claims aggregating to Rs. 3,95,784.40 lakhs relating to termination payments, O&M cost due to force majeure, Covid claim & demonetization etc. In respect of such claims, The RPTPL has given notice invoking arbitration vide letter dt 27.03.2023.

During the quarter ended June 30,2023, in respect of Arbitration Claim of Rs. 222057.40 lakhs for competing road, the award by Majority is passed on May 30, 2023 against the RPTPL. The RPTPL has filed the application under section 34 of the Arbitration and Conciliation Act, 1996 before the Honourable Delhi High Court. Further with respect to the balance claim of Rs. 173727.00 lakhs, the arbitration proceeding is pending before the Arbitration Tribunal.

During the year ended March 31, 2023, RPTPL has reversed interest of Rs. 10269.40 lakhs provided during the earlier period considering the fact that the project of RPTPL has been terminated and lenders have classified loans as Non Performing Assets.

During the quarter ended June 30, 2023, RPTPL has not accounted for interest on Rupee Term Loan from banks and financial institutions as well as loan from group company since the lenders of RPTPL has classified borrowing as NPA.

- 9 One of the step down subsidiary of the group namely Rohtak Hissar Tollways Private Limited (RHTPL) has issued the termination notice on August 27, 2021, to NHAI by exercising the criteria of "Event of Defaults" under the concession agreement. Since the project of the company has been terminated, the management of RHTPL is of the view that going concern assumption for preparation of accounts is not appropriate and accounts have been drawn accordingly on non-going concern basis.

In this regard the management of RHTPL lodged total claims amounting to Rs. 161253.30 lakhs relating to termination payments, O&M cost due to force majeure, Covid claim & loss on account of demonetization etc. RHTPL has given notice invoking arbitration vide letter dt 27.03.2023. The arbitration proceeding is pending before the Arbitration Tribunal.

During the quarter ended on March 31, 2023, RHTPL has reversed interest of Rs. 12280.90 lakhs provided during the earlier period considering the fact that the project of RHTPL has been terminated and lenders have classified loans as Non Performing Assets (NPA).

During the quarter ended June 30,2023, RHTPL has not accounted for interest on Rupee Term Loan from banks and financial institutions as well as loan from group company since the lenders of RHTPL has classified borrowing as NPA and financial statements are prepared on non going concern basis, for which the statutory auditors of holding company have expressed qualified conclusion on financial results in this regards.

- 10 a. In view of the Harmonious substitution of Sadbhav Jodhpur Ring road Private limited (SJRRPL), a Definitive agreement entered into between the Company, Sadbhav Infrastructure Project Limited (The subsidiary company), SJRRPL, one of the step down subsidiary, and Gawar Construction Limited (GCL) as on June 28, 2022 for substitution of the SJRRPL with the new SPV nominated by GCL and also endorsement agreement was executed between the SJRRPL and JRR Highways Private Limited (new concessionaire) dated July 13, 2022 with the approval of NHAI for implementation of the project by new concessionaire in substitution of the SJRRPL. In terms of these agreements the project and project assets as defined in the Concession Agreement along with the relevant rights and obligations of the SJRRPL are transferred to the new concessionaire.

Consequently, the net difference is transferred to the Statement of Profit and Loss Account and amount of Rs. 8093.32 lakhs and Provision for impairment of investment in shares of Sadbhav Jodhpur Ringroad Highway Private Limited of Rs. 1165.00 lakhs by SIPL is disclosed as Exceptional Item and amount of Rs. 5432.32 lakhs is included in other expenses.



b. In case of one of the step down subsidiaries namely Sdbhav Banglore Highway Private Limited (SBGHPL or concessionaire) has entered into Endorsement Agreement as on February 13, 2023 for substitution of the concessionaire. In terms of agreement, the project of the Company has transferred to nominated SPV selected by the lenders.

Consequently, all the balances outstanding, pertaining to SBGHPL in books of the Group have been adjusted and net debit amount of Rs. 22584.56 lakhs and Provision for impairment of investment in shares of Sdbhav Banglore Highway Private Limited of Rs. 3090.30 lakhs by SIPL has been transferred to statement of profit and loss and included in as Exceptional item in financial results for the year ended March 31, 2023.

c. In case of Sdbhav Nainital Highway Limited (SNHL or concessionaire), a step down subsidiary company which is engaged in construction, operation and maintenance of infrastructure project under concession agreement with National Highways Authorities of India (NHAI). The National Highway Authority of India (NHAI) at the request of the Company vide its letter dated April 17, 2023, has approved harmonious substitution of concessionaire.

Thereafter the Company executed Endorsement Agreement dated July 14, 2023 with the approval of NHAI for harmonious substitution of the SNHL in favour of new concessionaire for implementation of the project and also entered into Definitive Agreement as on August 01, 2023 for substitution of the SNHL with the new SPV nominated as new concessionaire. In terms of these agreements the project and project assets as defined in the Concession Agreement along with the relevant rights and obligations of SNHL are transferred to the new concessionaire for substitution of the SNHL. Considering above, financial statement of SNHL is prepared on non Going Concern Basis.

d. Holding Company has entered in Tripartite settlement agreement with National Highways Authorities of India (NHAI) and Gawar Construction Limited (GCL) on 18th April, 2023 in respect of an EPC project of Construction of NH-24 Extension 4 lane bypass starting from Behta Road and terminating at Sitapur road in the State of Uttar Pradesh for subletting the said project to GCL for balance work. In terms of this settlement, all the balances outstanding, pertaining to this project in books of the Holding Company have been adjusted and net balance of Rs. 3074.84 Lakhs has been transferred to statement of profit and loss and included in other expenses in the results for the quarter ended June 30, 2023.

- 11 Company reviews its outstanding trade receivable, advance to vendor and loans given and identifies those debts that have been outstanding for an extended period and are unlikely to be received. The Company applies the prudence concept and decides to write off/provide for the doubtful trade receivable, advance to vendor and loans given as expenses amounting to Rs. 26337.58 lakhs for the year ended March 31, 2023.
- 12 In terms of Ind AS – 115 – “Revenue from Contracts with the Customers”, the Company recognises contract assets on the basis of actual cost incurred on contract till reporting date and estimated cost to complete (CTC) to the contract as per percentage of completion method. The CTC is reviewed at the balance sheet date and adjustments are affected to the carrying value of contract assets on the basis of such review. The certification of work completion and acceptance of final bill by the customers usually takes significant period of time and this period varies from contract to contract.

During last few years there has been substantial increase in the cost of construction. Further, there were delays in execution of the work due to resource constraints. To overcome this situation since last two year, the Company sub-contracted or took exit from some of the works post final measurement of work done by the company. There is no pass through of higher cost over-run as the contracts are fixed price contracts.

In the light of the above situation, the management reviews the carrying value of contract assets as on the balance sheet date. Based on such review, the impairment to the carrying value of the contract assets is made in the financial statements in terms of Ind AS – 115 – “Revenue from Contracts with the Customers”. The management is taking effective steps for realization of these assets.

The contract assets as on March 31, 2023 includes amount of Rs. 35021.63 lakhs in respect of which claim have preferred and based on legal opinion that management believes that the amount is realisable.



13 a. The Company has made payment towards redemption of Non-Convertible Debentures including interest there on to the Non-Convertible debentures holders for Non-Convertible Securities on June 22, 2023. Consequently there are no outstanding listed debentures as on June 30, 2023.

b. As on June 30, 2023, the outstanding amount of unlisted non-convertible debentures of the Holding Company is aggregating to Rs. 10075.00 lakhs, the said debentures are not listed. Hence the disclosure required in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, is not required.

14 Finance cost includes Interest expenses in respect of two step down subsidiary companies namely Rohtak Hissar Tollways Private Limited (RHPTPL) and Rohtak Panipat Tollways Private Limited (RPTPL) amounting to Rs. 12280.90 lakhs and Rs. 10269.40 lakhs reversed during the quarter ended March 31, 2023 which were provided in earlier period where Financials of RPTPL & RHPTPL are prepared on non going concern basis due to issue of termination notice to NHAI by RPTPL & RHPTPL.

15 The Company acknowledges that there are difficulties in meeting payment obligation to suppliers and dues in the normal course of business. There are also delays/defaults in repayment of dues to lenders. The consortium of lenders of the company, except one lender, had signed an Inter Creditor Agreement on December 26, 2022, due to defaults in the repayment of dues, leading to the company's account being classified as Non-Performing Assets by many lenders. Hence there are challenges to the company's operations as going concern.

Due to delays in the completion of EPC works under execution essentially on account of shortage of working capital, the Company has taken proactive steps to rearrange the EPC contracts. The management has also been in the process of monetizing the existing HAM Projects of the group and submitting the Restructuring Plan to the consortium of lenders. Sale transactions have been completed for two HAM Projects, while agreements have been concluded for monetization of one more HAM Project. The company has also signed binding term sheets for 3 more HAM projects. The process of monetization for these 3 HAM Projects and one more project is expected to be completed within this calendar year.

Based on these, the Company is in discussion with the Consortium of lenders to finalize the Resolution / Restructuring Plan. The ingredients of Resolution Plan include monetization of HAM and other Assets, infusion of funds from the promoters, cashflows from Gadag Project, receipt of claim amounts from projects under arbitration and dispute settlement, receivables, and refinance / stake sale of operational projects as well as of restructuring of lender dues. These activities are expected to reduce liabilities to sustainable levels, apart from bringing about much needed liquidity in the company to enable it to bid for new projects and ramp up its execution.

Considering the expected approval from lenders of the proposed Resolution Plan, realization of receivables and proceeds from monetization and infusion of funds from promoters, the management believes that Company will be able to ramp up its operations and generate incremental cash-flows.

Hence in the opinion of the Management, there is no threat to the "Going Concern" assumption made in the preparation of financial results for the quarter ended June 30, 2023.

16 Sadbhav Vidarbha Highway Limited (concessionaire or SVHL), step down subsidiary of the Group in which case lenders of SVHL has exercised right of substitution of concessionaire in the month of February, 2023. The proposed buyer, Gawar Construction Limited (GCL), has submitted Expression Of Interest (EOI) to the Lenders. However, the Concessionaire vide its letter dated May 5, 2023 had recommended National Highways Authority of India (NHAI) for Harmonious substitution of SVHL. In this regard, NHAI in the month of July 2023, has given in principal approval for harmonious substitution of SVHL, subject to various terms and conditions which also provides for payment of penalty before final approval for substitution. SVHL is in the process of compliance of the conditions prescribed by NHAI for substitution and has also requested for the waiver of penalty and other levies. Pending the compliance of condition for obtaining final approval of substitution, no adjustment to the carrying value of Assets and liabilities have been made in the financial results ending on 30th Jun, 2023.

The statutory auditors of holding company have expressed qualified conclusion on financial results in this regards.



- 17 Sadbhav Kim Expressway Private Limited (concessionaire or SKEPL), step down subsidiary of the group in which there is delay in physical work progress due to delay in handing over the land from Authority (NHAI), delay in approval of Change of scope of work, non-funding by the lenders and nationwide lockdown due to Covid-19. Further the NHAI at the request of the Lenders, Company has given in principal approval for harmonious substitution of the concessionaire subject to various terms and conditions which also provides for payment of penalty before final approval for substitution. The Company is in the process of compliance of the conditions prescribed by NHAI for substitution and has also requested for waiver of penalty and other levies. Pending the compliance of conditions for obtaining final approval of substitution, no adjustment to the carrying value of assets and liabilities in respect of SKEPL have been made in the financial results of the Group as on June 30, 2023.
- 18 Sadbhav Banglore Highway Private Limited (SBGHPL), step down subsidiary in which tax credit receivables are carried in the books of accounts of SBGHPL at Rs. 4267.40 lakhs. Presently, the SBGHPL does not carry out any business activity. However management of SBGHPL is evaluating various option for utilising above mention credit and is confident about the utilization of the credit. The statutory auditors have expressed qualified opinion on financial results in respect of this matter.
- 19 Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), subsidiary in which tax credit receivables are carried in the books of accounts of SJRRPL at Rs. 1554.50 lakhs. Presently, SJRRPL does not carry out any business activity. However management of SJRRPL is evaluating various option for utilising above mention credit and is confident about the utilization of the credit. The statutory auditors have expressed qualified opinion on financial results in respect of this matter.
- 20 Lenders of the Sadbhav Udaipur Highway Limited (concessionaire or SUDHL), step down subsidiary of the group have notified to NHAI about exercise of their right of substitution of concessionaire in the month of March, 2023. The lenders have also requested to NHAI to allow 180 days time for the substitution of the concessionaire. As on the date, the period of 180 days is not over. In terms of concession agreement, in case of substitution of the concessionaire, the project of the company shall be transferred to nominated SUDHL selected by the lender. Considering the pending procedure for substitution no adjustment to the carrying value of assets and liabilities in respect of SUDHL have been made in these financial results.
- 21 Maharashtra Border Check Post Network Limited ('MBCPNL') one of the step down subsidiary, has accepted and accounted certain project related cost variation towards increased cost of construction due to delay in execution of the Modernization and Computerisation of 22 Border Check Post Project including 2 additional check post ('BCP Project'). Such cost variations incurred due to various reasons not attributable to MBCPNL, in terms of service concession agreement, up to March 31, 2023 is Rs. 22288.40 lakhs (March 31, 2022 Rs. 22288.40 lakhs). The costs has been accounted as intangible asset/ intangible assets under development. Further, such cost variation is required to be approved by Government of Maharashtra (GoM) although the Independent Engineer of the Project, Technical Evaluation Committee duly appointed by Project Steering Committee of Maharashtra State Road Development Corporation Limited ('the Project Authority') which is monitoring the project progress and the lender's independent engineer have in-principle accepted and recommended MBCPNL's cost variation claim. Based on the recommendations at the project steering committee, GoM (Grantor) will conclude in regard to cost variation claim of the MBCPNL although MBCPNL is confident that the additional costs accounted in the books will be fully accepted by the GoM.
- 22 There is delay in physical progress of work as at June 30, 2023 in respect of projects being executed by Sadbhav Rudrapur Highway Limited (SRHL) step down subsidiary of the company on account of delay in handing of over land from authority, occurrence of Force Majeure event of pandemic of COVID-19 various other reasons beyond the control of the said subsidiary. Further the Company, SRHL could not execute the project due to resource constrain. NHAI has appointed M/s KCC Buildcon to take up & execute the balance EPC works. Further respective subsidiary have sought for extension of Concession Period including Construction period and is confident that necessary approvals relating to extension of Concession Period including Construction period will be received.
- 23 During the quarter ended June 30, 2023 revenue from operations includes sale of material of Rs. 644.89 lakhs and Rs. 13660.17 lakhs being amount of compensation on forgoing an EPC contract and cost of material sold of Rs. 355.95 lakhs is included in cost of material consumed.

During the year ended March 31, 2023 revenue from operations include sale of material of Rs. 3057.36 lakhs and cost of material sold of Rs. 2617.13 lakhs is included in cost of material consumed.



24 The figures for the quarter ended March 31, 2023 are balancing figures between the audited figures in respect of the full financial year upto March 31, 2023 and the unaudited published year to date figures up to third quarter ended December 31, 2022, being the date of the end of the third quarter of the financial year which were subjected to limited review.

For SADBHAV ENGINEERING LIMITED

SV Patel
SADBHAV ENGINEERING LIMITED
★

Sashin V. Patel
Chairman and Managing Director
DIN: 00048328
Place : Ahmedabad
Date : August 14, 2023

SIGNED FOR IDENTIFICATION BY

Kurubel
MANUBHAI & SHAH LLP
CHARTERED ACCOUNTANTS

Manubhai & Shah LLP

Chartered Accountants

Independent Auditors' Review Report on the Quarterly Unaudited Consolidated Financial Results of Sadbhav Engineering Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors of
Sadbhav Engineering Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **Sadbhav Engineering Limited** (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended on June 30, 2023 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

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

Holding Company:
Sadbhav Engineering Limited

List of Subsidiaries:

1. Sadbhav Infrastructure Project Limited
2. Sadbhav Gadag Highway Private Limited

List of step-down subsidiaries:

1. Ahmedabad Ring Road Infrastructure Ltd (ARRIL)
2. Maharashtra Border Check Post Network Ltd (MBCPNL)
3. Rohtak Panipat Tollway Private Ltd (RPTPL)
4. Rohtak Hissar Tollway Private Ltd (RHTPL)
5. Sadbhav Rudrapur Highway Limited (SRHPL)
6. Sadbhav Nainital Highway Limited (SNHL)
7. Sadbhav Bangalore Highway Private Limited (SBGHPL)



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8. Sadbhav Vidarbha Highway Limited (SVHL)
9. Sadbhav Udaipur Highway Limited (SUDHL)
10. Sadbhav Jodhpur Ring Road Private Limited (SJRRPL)
11. Sadbhav Maintenance Infrastructure Private Limited (earlier known as Sadbhav Vizag Port Road Private Limited) (SMIPL)
12. Sadbhav Kim Expressway Private Limited (SKEPL)
13. Sadbhav Infra Solutions Private Limited (earlier known as Sadbhav Bhimasar Bhuj Highway Private Limited) (SISPL)
14. Sadbhav Hybrid Annuity Project Limited (SHAPL)

Basis for Qualified Conclusion

5. As detailed in Note 3 of the accompanying consolidated financial results that includes unaudited interim financial results and other unaudited financial information Maharashtra Boarder Check Post Network Limited, the step-down subsidiary Company which have not been reviewed, whose unaudited interim financial results/information reflect, total revenue of Rs. 8,283.70 Lakhs, total net profit after tax of Rs. 446.80 Lakhs and total comprehensive income of Rs. 446.80 Lakhs for the quarter ended June 30, 2023. These unaudited interim financial results and other unaudited financial information have been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to affairs of this step-down subsidiary is based solely on such unaudited interim financial results and other unaudited financial information. According to the information and explanation given to us by the management, this financial results are material to the group.

6. As detailed in Note 8 & Note 9 of the accompanying Consolidated Financial Results, with respect to Rohtak Panipat Tollway Private Limited (RPTPL) and Rohtak Hisar Tollway Private Limited (RHTPL), step-down subsidiaries of the Group in which interest on rupee term loan from banks and financial institutions as well as unsecured loans from Group companies have not been accounted considering the fact that both subsidiaries have issued termination notices and lenders of both subsidiaries have classified all the secured borrowings as non-performing assets. This has resulted in the understatement of finance cost and the related interest liability and corresponding understatement of losses, amount of which is unascertained.

The auditors of RPTPL and RHTPL have expressed qualified opinion on the financial statement for the quarter and year ended on March 31, 2023 and qualified conclusion on the financial results for the quarter ended June 30, 2023.

7. As detailed in Note 19 of the accompanying Consolidated Financial Results, with respect to Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), a step-down subsidiary of the Group in which Tax credit receivables of Rs. 1,554.50 Lakhs are carried in the books of accounts of SJRRPL. However, the SJRRPL does not have any business activity, nor are we informed about the management plan for taking up other business activity.

The auditors of SJRRPL have expressed qualified opinion on the financial statement for the quarter and year ended on March 31, 2023 and conclusion on the financial results for the quarter ended June 30, 2023.

8. As detailed in Note 18 of the accompanying consolidated Financial Results, with respect to Sadbhav Bangalore Highway Private Limited (SBGHPL), subsidiary of the Group in which Tax credit receivables of Rs. 4,267.40 Lakhs are carried in the books of accounts of SBGHPL. However, the SBGHPL does not have any business activity, nor are we informed about the management plan for taking up other business activity.



9. As detailed in Note 16 of the accompanying Consolidated Financial Result, with respect to Sadbhav Vidarbha Highway Limited (SVHL), a step-down subsidiary company of the Group regarding exercise of right of substitution by lenders of SVHL as a concessionaire of the project. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial results of SVHL and the financial results of SVHL are prepared on going concern basis. Owing to the uncertainty of outcome of substitution proceedings and lack of other alternate audit evidence, we are unable to comment about adjustment that may be required to the carrying value of assets and liabilities and their consequential impact on the financial result of the Group as on June 30, 2023.
10. Our opinion on the Financial Statements and Financial Results of the Holding Company for the year and quarter ended March 31, 2023 respectively was qualified in respect of observations in para 8 and 9 above.
11. As detailed in Note 17 of the accompanying Consolidated Financial Result, with respect to Sadbhav Kim Expressway Private Limited (SKEPL or Concessionaire), a step-down subsidiary company of the Group in which case, NHAI in the month of November 2022, at the request of the SKEPL has given in principal approval for harmonious substitution of the concessionaire. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial results of SKEPL. Owing to the uncertainty of outcome of substitution proceedings and lack of other alternate audit evidence, we are unable to comment about adjustment that may be required to the carrying value of assets and liabilities and their consequential impact on the financial result of the Group as on June 30, 2023.
12. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 15(b) below except for the possible effects of our observations in paragraph 5 to 11 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
13. **Material Uncertainty related to Going concern:**
As stated in note no. 15 to the Consolidated Financial Results, there are defaults in repayment of due to lenders and the Holding Company finds difficulty in meeting obligations of payment to suppliers and statutory dues. Further, consortium of the lenders of the Holding Company have executed Inter-Creditor Agreement on December 26, 2022 and accounts by many lenders have been classified as Non-Performing Assets. Further, as per the Consolidated Financial Results of SIPL, accumulated losses exceed paid-up capital and reserves by Rs. 1,884.40 crore and the Group also finds difficulty in meeting obligations of payment to suppliers and statutory dues.

These events or conditions along with other matters as set forth in the said note indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the said note.

Our conclusion is not modified in respect of this matter...



14. Emphasis of Matter in respect of step-down subsidiary company:

The auditors of Sadbhav Infrastructure Project Limited (SIPL), a subsidiary company, in their report dated August 14, 2023 on Consolidated Financial Results of the said subsidiary have given the Emphasis of Matter paragraph as under:

We draw attention to:

- a) Note No 8, Note No. 9 and Note no 10(c) of the accompanying Consolidated Financial Results, regarding preparation of financial statements of three step-down subsidiaries of the Group namely Rohtak Panipat Tollway Private Limited, Rohtak Hissar Tollway Private Limited and Sadbhav Nainital Highway Limited on non-going concern basis for the reasons stated in the said notes.
- b) Note No 20 consolidated financial results regarding exercise of right of substitution by lenders of the Sadbhav Udaipur Highway Limited (SUDHL), a step-down subsidiary of the Group, as a concessionaire of the project. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities has been made in the financial results.

15. Other Matters:

- a) The consolidated financial results include unaudited financial results of 3 step- down subsidiaries whose financial information reflects (before eliminating intercompany transactions) total revenue of Rs. Nil, total net (loss) after tax of Rs. (632.40) Lakhs, total comprehensive income of Rs. (632.40) Lakhs for the quarter ended on June 30, 2023 respectively. These financial results are unaudited and have been furnished to us by the Management and our opinion on the statement, in so far it relates to the amount and disclosures included in respect of these step - down subsidiary companies, is based on solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of this matter with respect to our reliance on the financial results certified by the Management.
- b) We did not review the interim financial results and other financial information in respect of 1 subsidiary and 6 step-down subsidiaries, whose financial results / information reflects (before eliminating intercompany transactions) total revenue of Rs. 8,939.40 Lakhs, total net (Loss) after tax of Rs. (4,157.10) Lakhs, total comprehensive income of Rs. (4,157.10) lakhs for the quarter ended on June 30, 2023 respectively as considered in the Consolidated unaudited financial results. These interim financial results have been reviewed by other auditors, whose reports have been furnished to us by the Management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of such subsidiary and step- down subsidiary companies is based solely on the reports of other auditors and procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement in respect of this matter is not modified with respect to our reliance on the work done and reports of other auditors.

For, Manubhai & Shah LLP
Chartered Accountants

ICAI Firm Registration Number: 106041W/W100136



K. C. Patel
Partner

Membership No: 030083

ICAI UDIN: 23030083BGWUXO2931

Place: Ahmedabad

Date: August 14, 2023

