

Ref: SEL/2023-24/00039

May 28, 2023

To,

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

**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: Submission of Outcome of the Meeting of the Board of Directors of the Company held on 27<sup>th</sup> May, 2023 (Day-1) and 28<sup>th</sup> May 2023 (Day-2) and submission of Audited Financial Results of the Company for the quarter and year ended on 31<sup>st</sup> March, 2023.**

With reference to above, meeting of Board of Directors of the Company was held on 27<sup>th</sup> May, 2023 & also extended to 28<sup>th</sup> May, 2023. On 28<sup>th</sup> May, 2023, Board has approved and adopted the standalone and consolidated Audited Financial Results of the Company for the Quarter and year ended 31<sup>st</sup> March, 2023. Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the following:

- Standalone and consolidated Audited Financial Results of the Company for quarter and year ended on 31<sup>st</sup> March, 2023.
- Auditors' Report on standalone and consolidated Audited Financial Results.

The Report of Auditors is with modified opinion with respect to the Audited Financial Results (Standalone and consolidated) of the Company for the quarter and year ended on 31<sup>st</sup> March, 2023. A statement on impact of Audit Qualifications (in respect of modified opinion on Standalone and consolidated Audited Financial Result) is enclosed herewith.

The Meeting held on day 1 meeting i.e. May 27, 2023 started at 11:35 p.m. and was decided to take it to the next day at 11:55 p.m.

The Meeting held on day 2 meeting i.e. May 28, 2023 starts at 08:50 p.m. and concluded at 10:50 p.m.

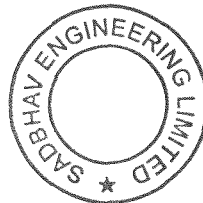
You are requested to take the same on record.

Thanking You,

Yours Faithfully,

**For, Sadbhav Engineering Limited**

**Shashin V. Patel**  
**Chairman and Managing Director**  
**DIN: 00048328**  
**Enclosed: As Above**



**Sadbhav Engineering Limited**

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

T : +91 79 26463384 F : +91 79 26400210 E : info@sadbhav.co.in Web : www.sadbhav.co.in CIN : L45400GJ1988PLC011322

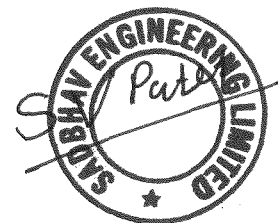
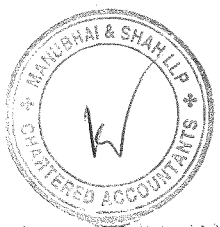
Corp. Office: "Sadbhav", Near Havmor Restaurant, B/H Navrangpura Bus Stand, Navrangpura, Ahmedabad-380 009 Gujarat

Tel:-9179 40400400, F:- 9179 40400444, Email:- selinfo@sadbhav.co.in, Website:-www.sadbhaveng.com

**STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023**

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

	Particulars	Quarter ended			Year ended	
		March 31,2023 (Audited)	December 31,2022 (Unaudited)	March 31,2022 (Audited)	March 31,2023 (Audited)	March 31,2022 (Audited)
	<b>Income</b>					
1	Revenue from operations	19,455.48	20,991.17	35,998.37	88,917.28	1,22,623.66
2	Other income	10,919.54	1,537.93	2,442.97	16,498.71	9,634.19
3	<b>Total Income (1+2)</b>	<b>30,375.02</b>	<b>22,529.10</b>	<b>38,441.34</b>	<b>1,05,415.99</b>	<b>1,32,257.85</b>
4	<b>Expenses</b>					
	Cost of Material Consumed	2,732.01	1,838.82	6,326.94	12,293.84	21,013.35
	Construction Expenses	19,346.37	18,031.35	20,761.14	63,595.46	73,032.25
	Employee benefits expense	801.13	696.36	1,393.39	3,687.39	8,203.07
	Finance costs	4,207.04	4,314.62	5,361.95	16,491.77	18,788.45
	Depreciation and amortization expense	937.43	1,051.77	1,326.61	4,446.99	6,919.73
	Other expenses (Refer note no. 7 )	27,461.36	1,206.87	71,251.20	36,796.23	73,908.78
	<b>Total Expenses</b>	<b>55,485.34</b>	<b>27,139.79</b>	<b>1,06,421.23</b>	<b>1,37,311.68</b>	<b>2,01,865.63</b>
5	<b>(Loss) before exceptional Items and tax (3-4)</b>	<b>(25,110.32)</b>	<b>(4,610.69)</b>	<b>(67,979.89)</b>	<b>(31,895.69)</b>	<b>(69,607.78)</b>
6	Exceptional Items (Refer Note no. 3)	(1,284.72)	-	(691.52)	(2,490.66)	(1,365.23)
7	<b>(Loss) before tax (5+6)</b>	<b>(26,395.04)</b>	<b>(4,610.69)</b>	<b>(68,671.41)</b>	<b>(34,386.35)</b>	<b>(70,973.01)</b>
8	Tax Expense (incl. short/excess provision of earlier year(s))	446.12	(288.80)	(2,400.04)	157.32	(2,500.05)
	Deferred Tax	67.44	5.20	3,788.43	104.71	3,158.75
9	<b>(Loss) for the period from containing operations (7-8)</b>	<b>(26,908.60)</b>	<b>(4,327.09)</b>	<b>(70,059.80)</b>	<b>(34,648.38)</b>	<b>(71,631.71)</b>
10	<b>Other Comprehensive Income (OCI)</b>					
	Items that will not be reclassified to profit or loss (Net of tax)	24.08	-	73.03	27.71	168.41
11	<b>Total Comprehensive Income for the period / year (9+10)</b>	<b>(26,884.52)</b>	<b>(4,327.09)</b>	<b>(69,986.77)</b>	<b>(34,620.67)</b>	<b>(71,463.30)</b>
12	Paid up Equity share Capital (face value of Re. 1/- each)	1,715.71	1,715.71	1,715.71	1,715.71	1,715.71
13	Other Equity excluding Revaluation Reserves as at 31st March	-	-	-	106516.11	141136.82
14	Basic & Diluted EPS (Rs.) (Face value of Re. 1/- each) (*not annualized)	-15.68*	-2.52*	-40.83*	-20.19	-41.75



## Sadbhav Engineering Limited

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

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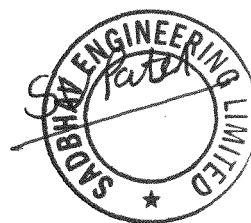
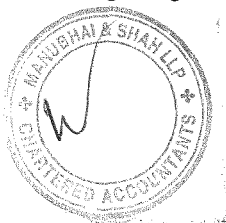
**Notes :**

- 1 The aforesaid audited financial results for the quarter and year ended March 31, 2023 have been reviewed and recommended by the audit committee and approved by the Board of Directors at their meeting held on May 28, 2023 (Day 2 meeting) . 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 audit of the same.
- 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). 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 year ended March 31, 2023
    - (i) Profit of Rs. 493.10 lakhs on account of the 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. 7(b))
    - (iii) Loss of Rs. 1471.76 lakhs being loss on account of provision made on loan given to Rohtak Hissar Tollway Private Ltd.
  - b. During year ended March 31, 2022 :
    - (i) Loss of Rs. 1067.23 lakhs on account of the sale of assets.
    - (ii) Loss of Rs. 298.00 lakhs on account of impairment in carrying value of investments.
- 4 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 during the year ended March 31, 2023. Having regard to this the management believes that carrying amount of trade payables is fairly valued.
- 5 The Board of Directors in the meeting held on October 15, 2022 have resolved to withdraw Scheme of Amalgamation filed with Hon'ble National Company Law Tribunal Ahmedabad Bench (NCLT) with regard to amalgamation of Sadbhav Infrastructure Project Limited (Transferor Company) with Sadbhav Engineering Limited (Transferee Company) under sections 230 to 232 of the Companies Act, 2013. Consequently, on application made by the Company, the NCLT vide its order dated October 19, 2022 has allowed the withdrawal of the said application. Accordingly, the Scheme of merger stands cancelled.
- 6 The Company has outstanding loan and other receivable of Rs. 14865.38 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.

Further, the toll collection by RPTPL was forcefully suspended due to agitation and protest held by farmers and other unions against agri-marketing laws from December 25, 2020. Accordingly, RPTPL could not collect toll user fees from December 25, 2020. RPTPL had sent various communications to NHAI for such forceful suspension of toll. RPTPL has issued notice for termination of concession agreement on July 27, 2021 considering the above event as Force Majeure Event in terms of concession agreement. RPTPL has filed claim amounting to Rs. 395784.40 lakhs relating to termination payments, O&M cost due to force majeure, Covid claim & demonetization etc. with NHAI in terms of concession agreement. In respect of such claims, NHAI has approached to the RPTPL for settlement of all these claims by way of conciliation proceedings, which has been consented by it.

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 communications from NHAI for conciliation, 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 March 31, 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.



- 7 a. There was delay in physical work progress in case of Sdbhav Jodhpur Ring Road Private Limited (SJRRPL), a step-down subsidiary company which is engaged in construction, operation and maintenance of road project under concession agreement with National Highways Authorities of India (NHAI), due to delay in handing over the land from 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 in the month of January 2022 at the request of the SJRRPL had given in principal approval for harmonious substitution of the concessionaire i.e. SJRRPL subject to various terms and conditions.

Pursuant to this, definitive agreement was entered into between The Company, SJRRPL, Sdbhav 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 to be 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.

Consequently, 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 during the year ended March 31, 2023.

- b. In case of Sdbhav 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 notified to NHAI about exercise of 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. Subsequently necessary documents have been executed in the month of February 2023.

Consequently, all the balances outstanding, pertaining to SBGHPL in books of the Company have been adjusted and amount of Rs. 4,082.80 Lakhs has been transferred to statement of profit and loss and included in other expenses and amount of Rs. 1,512.00 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.

- c. In case of Sdbhav Bhavnagar Highway Limited (SBHL) and Sdbhav Una Highway Limited (SUHL) which are engaged in construction, operation and maintenance of infrastructure project under concession agreement with National Highways Authorities of India (NHAI), the holding company of SBHL and SUHL i.e. Sdbhav Infrastructure Project Limited (SIPL), subsidiary of the company has executed binding term sheet on January 27, 2023 towards stake sale of equity shares of SBHL and SUHL.

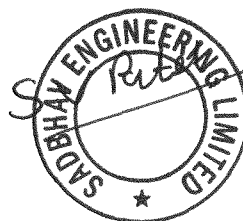
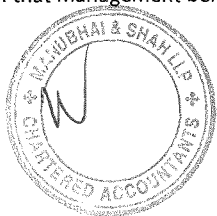
In accordance with term sheet, all the balances outstanding, pertaining to SBHL / Bhavnagar project and SUHL / Una project, in books of the Company have been adjusted during the year ended March 31, 2023.

- d. 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.

- 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 finds difficulty in meeting obligation of payment to suppliers and statutory dues in normal course of business. There are defaults in repayment of dues to lenders. This is mainly an account of delay in execution of projects and resources constraint.

During the year ended March 31, 2023, the consortium lenders except one lender of the company have signed an Inter Creditor Agreement on December 26, 2022 due to defaults in the repayment of dues. The account of Company has been classified as Non Performing Assets. The Management is in the process of monetizing the existing -6- HAM Projects of group out of which binding term sheet has been signed with the buyer for -2- HAM projects and other -4- HAM Projects are expected to be monetized soon. Further, due to delay in completion of EPC works under execution on account of shortage of working capital, the Company has proactively taken decision to rearrange the EPC contract work.

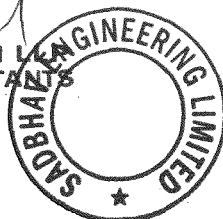
Based on this, the Company has submitted the Resolution Plan to the Consortium of lenders which is under active discussion with the lenders. The ingredients of Resolution Plan covers proceeds from monetization of HAM Assets & other Assets, infusion of funds from the promoters, receipt of claim amount / other receivables and refinance / stake sale of operational projects as well as of restructuring of dues of lenders. These activities will bring reduction of overall liabilities including reduction of debt and will also bring additional liquidity in the company to ramp up its execution.

Considering the above aspect in anticipation of approval from lenders of Resolution Plan, its implementation and infusion of funds from promoters of the Company, the management believes that Company will be able to generate an incremental operational cash flows. Hence there is no threat to the Going Concern assumption adopted in the preparation of financial statements for the year ended March 31, 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. 89721.04 lakhs as on March 31, 2023. The management has carried out impairment assesment of these assets 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 The listed, rated, secured, non-convertible, debentures of the Company aggregating Rs. 4,500.00 Lakhs outstanding as on March 31, 2023 are secured by way of shares of Company's subsidiary, movable property and personal guarantee of a director. The asset cover thereof exceeds hundred percent of the principal amount of the said debentures.
- 13 The non convertible debentures of the Company have credit rating of IND C and CARE C (Single C) (Outlook rating : negative issuer not cooperating) from India Ratings and Research Private Limited and CARE Rating as per their latest rating dated September 14,2022 and September 7, 2022 respectively.
- 14 During the year ended March 31, 2023 revenue from operations include sale of construction material of Rs. 3057.36 Lakhs and cost of construction material sold of Rs. 2617.13 Lakhs is included in cost of material consumed.
- During the quarter ended March 31, 2023 revenue from operations include sale of construction material of Rs. 714.55 Lakhs and cost of construction material sold of Rs. 600.23 Lakhs is included in cost of material consumed.
- 15 Additional Information for the quarter ended March 31, 2023 pursuant to Regulation 52(4) and Regulation 54(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended are given in Annexure-1.
- 16 Figures relating to the previous periods / year have been regrouped / rearranged, wherever necessary, to make them comparable with those of the current periods / year.
- 17 Statement of audited Cash Flow for the year ended March 31, 2023 and March 31, 2022 is given in Annexure-2.

**SIGNED FOR IDENTIFICATION BY**

*Kansel*  
MANUBHAI & SHAH  
CHARTERED ACCOUNTANTS



**For SADBHAV ENGINEERING LIMITED**

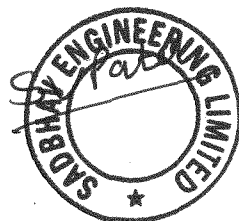
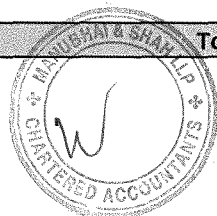
*SV Patel*

Shashin V. Patel  
Chairman and Managing Director  
DIN: 00048328  
Place : Ahmedabad  
Date : May 28, 2023

**STATEMENT OF ASSETS AND LIABILITIES - STANDALONE**

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2023	As At March 31, 2022
<b>Assets</b>		
<b>Non-current Assets</b>		
(a) Property, Plant and Equipment	12824.65	19098.70
(b) Capital Work in Progress	376.91	376.91
(c) Right to use Assets	0.00	148.07
(d) Intangible Assets	41.22	42.88
(e) Financial Assets		
(i) Investments	57635.33	55934.11
(ii) Trade receivable	2830.04	13236.35
(iii) Loans	5914.82	5328.67
(iv) Other Financial Assets	8511.37	9577.88
(f) Deferred Tax Assets (net)	10115.67	10220.38
(g) Other Non Current Assets	0.00	132.34
<b>Total Non-current Assets</b>	<b>98250.01</b>	<b>114096.29</b>
<b>Current Assets</b>		
(a) Inventories	3304.43	10749.85
(b) Financial Assets		
(ii) Trade receivables	54439.64	59920.56
(iii) Cash and cash equivalents	1121.97	2743.99
(iv) Bank Balance other than (ii) above	493.97	975.40
(v) Loans	43473.02	52066.11
(vi) Other financial assets	28766.30	32870.75
(c) Current tax assets (net)	2931.91	6272.88
(d) Other current assets	103054.75	102089.21
<b>Total Current Assets</b>	<b>237585.99</b>	<b>267688.75</b>
<b>Total Assets</b>	<b>335836.00</b>	<b>381785.04</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
(i) Equity share capital	1715.71	1715.71
(ii) Other Equity	106516.11	141136.82
<b>Total Equity</b>	<b>108231.82</b>	<b>142852.53</b>
<b>Liabilities</b>		
<b>Non-current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	5143.09	29450.28
<b>Total Non-current Liabilities</b>	<b>5143.09</b>	<b>29450.28</b>
<b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	109314.99	84943.71
(ii) Lease Liability	0.00	172.24
(iii) Trade Payable		
Dues of micro and small enterprises	1467.65	1574.40
Dues of creditors other than micro and small enterprises	41749.67	50065.02
(iv) Other financial liabilities	30201.70	28803.59
(b) Other Current liabilities	39727.08	43923.27
<b>Total Current Liabilities</b>	<b>222461.09</b>	<b>209482.23</b>
<b>Total Liabilities</b>	<b>227604.18</b>	<b>238932.51</b>
<b>Total Equity Liabilities</b>	<b>335836.00</b>	<b>381785.04</b>

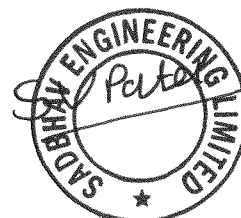
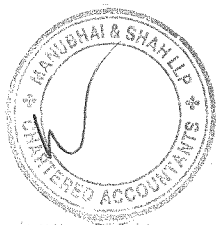




**Sadbhav Engineering Limited**  
**CIN : L45400GJ1988PLC011322**  
**Annexure-1 to the Financial Results**

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, as amended for the quarter and year ended 31st March, 2023

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31,2023 (Audited)	December 31,2022 (Unaudited)	March 31,2022 (Audited)	March 31,2023 (Audited)	March 31,2022 (Audited)
1	Debt Equity Ratio (in times) (Total Borrowings / Total Equity)	1.07	0.81	0.81	1.07	0.81
2	Debt Service Ratio (in times) (Earnings Before Interest, Depreciation and Tax (EBIDTA) and Non Cash Item / (Interest + Scheduled Principal Repayments of Long Term Borrowings)	0.53	0.19	0.68	0.43	0.57
3	Interest Service Coverage Ratio (in times) (EBIDTA and Non Cash Items/ Interest Expense)	1.26	0.25	1.51	0.98	1.36
4	Capital Redemption Reserve (Rs. in lakhs)	345.00	345.00	345.00	345.00	345.00
5	Debenture Redemption Reserve (Rs. in lakhs)	1728.46	1728.46	1728.46	1728.46	1728.46
6	Net Worth (Rs. in lakhs)	108231.82	135116.37	142852.53	108231.82	142852.53
7	Net Profit/(Loss) after Tax (Rs. in lakhs)	(26,908.60)	(4,327.09)	(70,059.80)	(34,648.38)	(71,631.71)
8	Earning Per Share (basic and diluted) (not annualised except year ended March 31, 2021) (in Rs.)	-15.68*	-2.52*	-40.83*	-20.19	-41.75
9	Current Ratio (in times) (Current Assets/Current Liabilities)	1.07	1.12	1.30	1.07	1.30
10	Long Term Debt to Working Capital Ratio (in times) (Long Term Borrowings + Current Maturity of Long Term Borrowings) / (Current Assets - Current Liabilities excluding Current Maturities of Long Term Borrowings)	0.74	0.70	0.60	0.74	0.60
11	Current Liability Ratio (in times) (Current Liabilities/Total Liabilities)	0.98	0.95	0.87	0.98	0.87
12	Total Debts to Total Assets Ratio (in times) (Total Borrowings / Total Assets)	0.34	0.31	0.31	0.34	0.31
13	Debtors Turnover Ratio (in times) (Revenue from Operations / Average Trade Receivables)	0.14	0.17	0.24	0.63	0.80
14	Inventory Turnover Ratio (in times) (Material Consumed / Average Inventory)	0.58	0.22	0.51	1.75	1.70
15	Operating Margin (%) (EBIDTA and non cash item excluding Other Income / Revenue from Operations)	21.85%	-3.73%	15.72%	8.64%	12.93%
16	Net Profit Margin (%) (Net Profit / Total Income)	-88.59%	-19.21%	-182.25%	-32.87%	-54.16%
17	Bad debts to accounts receivable (%) (Bad Debts/Average Trade Receivable)	16.00%	-	-	16.00%	-



## SADBHAV ENGINEERING LIMITED

CIN :: L45400GJ1988PLC011322

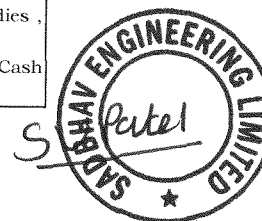
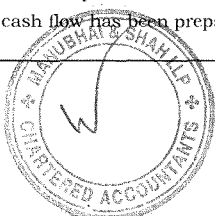
## Annexure - 2 :: STATEMENT OF STANDALONE CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2023

(Rs. in Lakhs)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>Net (Loss) before Tax</b>	(34386.35)	(70973.01)	
<b>Adjustments For :</b>			
Interest Income	(4641.40)	(8614.79)	
Interest Expenses	16491.77	18788.45	
Depreciation & Amortisation	4446.99	6919.73	
Profit on sale of Property, Plant & Equipments	0.00	(2.17)	
Impairment of Contract Assets	6635.03	69391.76	
Provision Expected Credit Loss	85.80	843.84	
Actuarial Gain/Loss	27.71	168.41	
Exceptional Items (Net)	2490.66	1365.23	
Written off the Receivables	26337.58	0.00	
Written back of the payables	(11066.47)	0.00	
Written off the Inventories	2163.40		
	42971.07	88860.46	
<b>Operating Profit Before Working Capital Changes</b>	<b>8584.72</b>	<b>17887.45</b>	
<b>Adjustment For :</b>			
(Increase)/Decrease of Long Term Trade Receivables	10406.26	13529.74	
(Increase)/Decrease of Trade Receivables	(17067.25)	(19264.59)	
(Increase)/Decrease of Other Current Assets	(11684.81)	(6290.71)	
(Increase)/Decrease of Other Current Financial Assets	1120.69	1418.56	
(Increase)/Decrease of Other Non Current Assets	132.34	0.95	
(Increase)/Decrease of Other Non Current Financial Assets	1066.51	976.30	
(Increase)/Decrease of Inventories	5282.02	3161.23	
(Increase)/Decrease of Other Bank Balances	983.79	(1846.96)	
Increase/(Decrease) of Trade Payables	2853.40	(4250.36)	
Increase/(Decrease) of Other Current Liabilities	(4196.19)	4018.94	
Increase/(Decrease) of Other Current Financial Liabilities	1398.11	1196.16	
	(9705.13)	(7350.74)	
<b>Cash generated from Operations</b>	<b>(1120.41)</b>	<b>10536.71</b>	
(Tax Paid)/Tax Refund	3183.65	7786.30	
<b>Net Cash flow from Operating Activities</b>	<b>2063.24</b>	<b>18323.01</b>	
<b>B. Cash Flow From Investing Activities :</b>			
Purchase of Property, Plant & Equipments and Intangible Assets	(392.41)	(588.87)	
Sales of Property, Plant & Equipments	2862.31	4945.06	
Proceeds from sale of Non Current Investments	(1701.22)	3138.76	
Other Non Current Investment	0.00	(2398.15)	
Loan received back from Subsidiary Companies	8006.94	6339.42	
Interest Received	4641.40	8614.79	20051.00
<b>Net Cash flow from Investing Activities</b>	<b>13417.02</b>	<b>8614.79</b>	<b>20051.00</b>
<b>C. Cash Flow From Financing Activities :</b>			
Proceeds/(Repayment) From Long Term Borrowings (Net)	(14777.53)	(20781.10)	
Proceeds of Short Term Borrowings	12331.56	10491.35	
Net Increase in Working Capital Loan	2510.06	(7152.72)	
Payment of Lease Liability	(172.24)	(1227.41)	
Interest Paid	(16491.77)	(18788.45)	
	(16599.92)	(37458.33)	
<b>Net Cash flow from/(used in) Financing Activities</b>	<b>(16599.92)</b>	<b>(37458.33)</b>	
Net Increase/(Decrease) In Cash & Cash Equivalents ( A+B+C )	(1119.64)	915.68	
Opening Balance Of Cash & Cash Equivalents	1434.82	519.14	
<b>Closing Balance Of Cash &amp; Cash Equivalents</b>	<b>315.18</b>	<b>1434.82</b>	
<b>Components Of Cash &amp; Cash Equivalents</b>			
Cash On Hand	0.26	8.56	
Balance In Current Account With Banks	314.92	1426.28	

**Notes:**

- All figures in bracket are cash outflow.
- Fixed Deposits of Rs. 806.79 (Rs. 1,309.15) are pledged with central and various state govt/undertakings and local bodies , hence not considered in Components of Cash & Cash equivalents
- The statement of cash flow has been prepared under indirect method as per Indian Accounting Standard -7 "Statement of Cash Flow ".





**SADBHAV ENGINEERING LIMITED**

CIN NO.: L45400GJ1988PLC011322

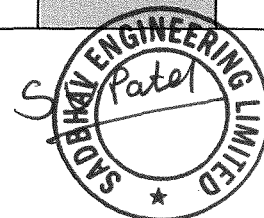
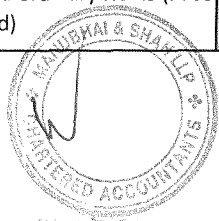
Corp. Office: "Sadbhav", Near Havmor Restaurant, B/H Navrangpura Bus Stand, Navrangpura, Ahmedabad-380 009 Gujarat

Tel:-9179 40400400, F:- 9179 40400444, Email:- selinfo@sadbhav.co.in, Website:-www.sadbhaveng.com

**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023**

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

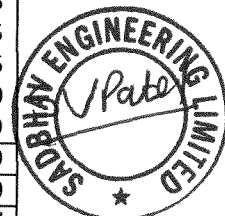
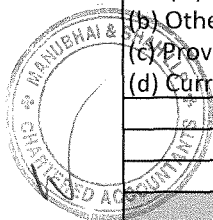
Sr. No.	Particulars	Quarter ended			Year ended	
		March 31,2023 (Audited)	December 31,2022 (Unaudited)	March 31,2022 (Audited)	March 31,2023 (Audited)	March 31,2022 (Audited)
1	Revenue From operations	42,567.12	43,246.04	65,670.59	1,77,693.69	1,90,770.10
2	Other income	15,451.85	8,113.29	61,560.81	39,955.57	92,003.88
3	<b>Total Income (1+2)</b>	<b>58,018.97</b>	<b>51,359.33</b>	<b>1,27,231.40</b>	<b>2,17,649.26</b>	<b>2,82,773.98</b>
4	<b>Expenses</b>					
	Cost of Material Consumed	2,732.00	1,838.83	259.73	12,293.84	21,013.36
	Construction Expenses	31,192.91	28,254.22	51,047.42	1,07,584.97	1,05,403.59
	Employee benefits expense	1,537.23	1,473.56	2,268.09	6,585.59	11,308.37
	Finance costs	(7,856.95)	25,781.03	29,955.08	66,106.38	97,542.59
	Depreciation and amortization expense	3,381.93	2,530.27	4,940.61	13,096.79	16,687.33
	Other expenses (Refer Note No. 10)	28,678.26	8,559.92	81,655.65	46,432.50	87,796.03
	<b>Total Expenses</b>	<b>59,665.38</b>	<b>68,437.83</b>	<b>1,70,126.58</b>	<b>2,52,100.07</b>	<b>3,39,751.27</b>
5	<b>(Loss) before exceptional Items and tax (3-4)</b>	<b>(1,646.41)</b>	<b>(17,078.50)</b>	<b>(42,895.18)</b>	<b>(34,450.81)</b>	<b>(56,977.29)</b>
6	Exceptional Items (Refer Note No. 3)	8,534.08	(526.10)	(8,303.52)	(36,883.14)	(16,517.43)
7	<b>Profit/(Loss) before tax for the period / year (5+6)</b>	<b>6,887.67</b>	<b>(17,604.60)</b>	<b>(51,198.70)</b>	<b>(71,333.95)</b>	<b>(73,494.72)</b>
8	Tax Expense	841.80	1,268.50	(342.80)	2,110.30	992.40
	Deferred Tax	(1,495.16)	(816.00)	3,723.53	(1,839.09)	925.15
	Adjustment for short or excess Provision of the previous year	(362.08)	(732.80)	(2,399.84)	(1,666.18)	(2,572.95)
9	<b>Profit/(Loss) for the period / year from containing operations (7-8)</b>	<b>7,903.11</b>	<b>(17,324.30)</b>	<b>(52,179.59)</b>	<b>(69,938.98)</b>	<b>(72,839.32)</b>
10	<b>Net Profit/(Loss) for the period / year after taxes, Non-controlling Interest and share of (loss) of associates (9-10)</b>	<b>7,903.11</b>	<b>(17,324.30)</b>	<b>(52,179.59)</b>	<b>(69,938.98)</b>	<b>(72,839.32)</b>
11	<b>Other Comprehensive Income (OCI)</b>					
	Items that will not be reclassified to profit or loss (Net of tax)	23.18		124.13	38.41	219.51
12	<b>Total Comprehensive Income for the period / year (10+11)</b>	<b>7,926.29</b>	<b>(17,324.30)</b>	<b>(52,055.46)</b>	<b>(69,900.57)</b>	<b>(72,619.81)</b>
13	<b>Profit/ (Loss) for the period/year attributable to:</b>					
	Owners of the Company	(2,488.36)	(13,210.12)	(57,688.92)	(58,877.06)	(72,370.18)
	Non-controlling Interest	10,429.88	(4,114.18)	6,352.21	(11,023.51)	(469.14)
14	<b>Other Comprehensive Income for the period / year attributable to:</b>					
	Owners of the Company	38.41	-	124.13	38.41	219.51
	Non-controlling Interest	5.60	-	-	5.60	-
15	<b>Total Comprehensive Income for the period / year attributable to:</b>					
	Owners of the Company	(2,530.70)	(13,210.12)	(57,564.79)	(58,909.87)	(72,150.67)
	Non-controlling Interest	10,418.58	(4,114.18)	6,352.21	(11,029.11)	(469.14)
	<b>Total Income (Including other comprehensive Income )</b>	<b>7,887.88</b>	<b>(17,324.30)</b>	<b>(51,212.58)</b>	<b>(69,938.98)</b>	<b>(72,619.81)</b>
16	Paid up Equity share Capital (face value of Re. 1 each)	1,715.71	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	78,437.76
18	Basic & Diluted EPS (Rs.) before extra ordinary items (Face value of Re. 1/- each) (*not annualized)	-1.45*	-7.7*	-33.62*	-34.32	-42.18



CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lakhs)

PARTICULARS	As At March 31, 2023	As At March 31, 2022
<b>Assets</b>		
<b>Non-current Assets</b>		
(a) Property, Plant and Equipments	12,999.45	19,296.70
(b) Right to use Assets	-	148.07
(c) Capital Work in Progress	376.91	376.91
(d) Investment Property	94.10	94.10
(e) Goodwill	2,653.00	2,653.00
(f) Other Intangible Assets	16,058.32	18,948.98
(g) Financial Assets		
(i) Investments	12,223.64	17,664.12
(ii) Trade receivable	2,830.04	13,236.35
(iii) Loans	54.10	77.60
(iv) Receivable Under Service Concession Arrangement	1,75,759.90	3,32,488.40
(v) Other Financial Assets	9,007.67	10,108.38
(h) Deferred Tax Assets (net)	10,115.67	10,220.38
(i) Other Non Current Assets	1,883.70	900.54
<b>Total Non-current Assets</b>	<b>2,44,056.50</b>	<b>4,26,213.53</b>
<b>Current Assets</b>		
(a) Inventories	3,304.43	10,749.85
(b) Financial Assets		
(i) Trade receivables	38,577.14	32,310.11
(ii) Cash and cash equivalents	10,669.77	15,676.29
(iii) Bank Balance other than (iii) above	1,071.87	5,564.60
(iv) Loans	6,541.67	3,218.95
(v) Receivable Under Service Concession Arrangement	46,150.60	36,813.00
(vi) Other financial assets	2,41,857.43	2,73,494.44
(c) Current tax asset	5,144.41	7,541.78
(d) Other current assets	1,63,444.25	1,48,830.29
<b>Total Current Assets</b>	<b>5,16,761.57</b>	<b>5,34,199.31</b>
<b>Assets Held for Sale</b>	<b>2,21,612.20</b>	<b>1,41,363.70</b>
<b>Total Assets</b>	<b>9,82,430.27</b>	<b>11,01,776.54</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
(i) Equity share capital	1,715.71	1,715.71
(ii) Other Equity	15,806.51	78,437.76
(iii) Non Controlling Interest	16,029.19	26,031.60
<b>Total Equity</b>	<b>33,551.41</b>	<b>1,06,185.07</b>
<b>Liabilities</b>		
<b>Non-current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,34,432.56	2,98,497.78
(ii) Other financial liabilities	8,000.30	3,513.90
(b) Deferred tax liabilities (Net)	6,518.20	8,948.70
(c) Provisions	121.50	72.30
<b>Total Non-current Liabilities</b>	<b>1,49,072.56</b>	<b>3,11,032.68</b>
<b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	3,43,092.49	2,77,391.91
(ii) Lease Liability	-	172.24
(iii) Trade Payable		
Dues of micro and small enterprises	1,493.95	1,604.50
Dues of creditors other than micro and small	66,489.03	65,758.85
(iv) Other financial liabilities	1,41,945.90	1,38,739.65
(b) Other current liabilities	32,661.73	49,040.05
(c) Provisions	5,048.60	3,508.70
(d) Current Tax Liabilities (Net)	1,527.60	1,199.29
<b>Total Current Liabilities</b>	<b>5,92,259.30</b>	<b>5,37,415.19</b>
<b>Liabilities Held for Sale</b>	<b>2,07,547.00</b>	<b>1,47,144.60</b>
<b>Total Liabilities</b>	<b>9,48,878.86</b>	<b>9,95,592.47</b>
<b>Total Equity Liabilities</b>	<b>9,82,430.27</b>	<b>11,01,776.54</b>



**Notes :**

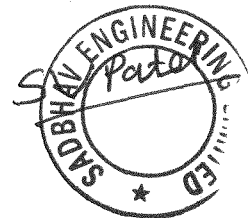
- The aforesaid unaudited consolidated financial results of Sadbhav Engineering Limited ('the Company' or 'holding company') and its subsidiaries (holding company together referred to as 'Group') for the quarter and year ended on March 31, 2023 have been reviewed and recommended by the audit committee and approved by the Board of Directors at their respective meetings held on May 28, 2023 (Day 2 meeting). 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 audit of the same.
- The revenue from operations includes revenue from construction contracts of Rs.8046.60 lakhs, Rs. 10275.24 lakhs, Rs. 30096.7 lakhs for quarter ended March 31, 2023, December 31, 2022 and March 31, 2022 respectively and Rs. 49279.20 lakhs and Rs. 58452.50 lakhs for the year ended March 31, 2023 and March 31, 2022 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 Exceptional items include:**

(Rs. in Lakhs)

Particulars	Year ended on	
	March 31, 2023	March 31, 2022
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	6,590.20
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))	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 3.1 below)	(109.90)	
(Profit)/Loss on account of the sale of assets.	(493.10)	1,067.23
Provision of impairment on investment in Sadbhav Bhavnagar Highway Limited (Refer Note 3.2)	978.80	
Loss on account of impairment in carrying value of investment.	-	298.00
(Profit)/Loss on Sale of 49% stake in Maharashtra Boarder Checkpost Network Limited (Refer Note 3.3 below)	(372.10)	7,851.90
Loss on account of provision made on loan given to the step down subsidiary.	1,471.76	
Net difference on account of claim received by Ahmedabad Ring Road Infrastructure Ltd from AUDA	-	(242.00)
Write off of Input Tax Credit of Maharashtra Border Checkpost Network Limited		952.00
	<b>36,883.14</b>	<b>16,517.33</b>

- 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 Indinfravit 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 exceptional item during the quarter and nine months period ended on December 31, 2022. Further provision for Impairment in shares amounting to Rs. 5.00 lakhs made in earlier period is reversed during the quarter ended on Septemeber 30, 2022.



- 3.2 During the year ended on March 31, 2023, the SIPL, subsidiary has entered into Memorandum of Understanding (MOU) 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 quarter and nine months period ended December 31, 2022.
- 3.3 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 on 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. Consequent to this agreement, the amount of 51% shares of MBCPNL has been classified as assets held for sale in accordance with IND AS-105 - 'Non Current Assets held for Sale and Discontinuing Operations'.
- 4 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.

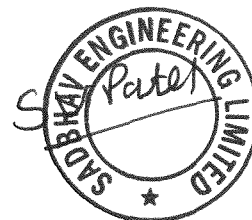
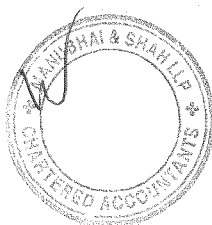
Considering the management assessment, the balances of Rs. 11066.47 lakhs in vendor accounts have been written back and included under the head other income in the financial results during the year ended March 31, 2023. Having regard to this the management believes that carrying amount of trade payables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

- 5 Key Numbers of standalone financial results of the company are as under:

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2023 (Audited)	Decemeber 31, 2022 (Unaudited)	March 31, 2022 (Audited)	March 31, 2023 (Audited)	March 31, 2022 (Audited)
1	Revenue from operations	19,455.48	20,991.17	35,998.37	88,917.28	1,22,623.66
2	Net (loss) before tax	(26,395.04)	(4,610.69)	(68,671.41)	(34,386.35)	(70,973.01)
3	Net (loss) after tax	(26,908.60)	(4,327.09)	(70,059.80)	(34,648.38)	(71,631.71)
4	Total comprehensive income	(26,884.52)	(4,327.09)	(69,986.77)	(34,620.67)	(71,463.30)

- 6 The segment reporting is in accordance with its internal financial reports derived from SAP system which is reviewed by Chief Operating Decision Maker (CODM). Consequently, the Group has considered business as whole as a single operating segment in accordance with Indian Accounting Standard 108 - "Segment Reporting".
- 7 The non-convertible, debentures of the Company aggregating Rs. 4,500.00 Lakhs outstanding as on December 31, 2022 are secured by way of shares of Company's subsidiary, movable property and personal gaurantee of a director. The asset cover thereof exceeds hundred percent of the principal amount of the said debentures.



- 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 view of the above, RPTPL has given following accounting treatments in its financial statements for the year ended March 31, 2022.

- Impaired intangible assets related to Toll Collection Rights, amounting to Rs. 9,097.80 Lakhs and transferred balance amount from Intangible Assets to "Receivable from the NHAI" under the head Other Current Financial Assets. The management of RPTPL is of the view that amount recoverable from NHAI are fully recoverable.
- Written back the liability of premium obligation amounting to Rs. 36,959.20 Lakhs
- Written back major maintenance provision amounting to Rs. 9,294.30 Lakhs

During the quarter ended on 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.

- 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 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.

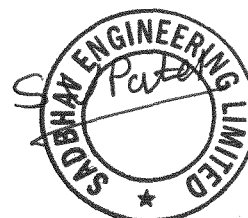
In this regard the management of RHTPL lodged total claims amounting to Rs. 1,49,697.70 Lakhs relating to termination payments, O&M cost due to force majeure, Covid claim & demonetization etc. In view of this RHTPL has given following accounting treatments in its financial statements for the year ended March 31, 2022:

- Transferred amount of Toll Collection Rights from Intangible Assets to Receivable from the NHAI under the head Other Current Financial Assets. Further, the management of RHTPL is of the view that amounts recoverable from NHAI are fully recoverable and hence no impairment loss is envisaged.
- Written back major maintenance provision amounting to Rs. 7,861.80 Lakhs.

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 RPTPL has been terminated and lenders have classified loans as Non Performing Assets.

- 10 a. Project of Sadbhav Jodhpur Ringroad Private Limited (SJRRPL), one of the step down subsidiary company which is engaged in construction, operation and maintenance of road project under concession agreement with NHAI, was delayed in due to delay in handing over the land from Authority (NHAI), delay in approval of change of scope work, non-funding by the lenders and nationwide lockdown due to Covid-19. At the request of the SJRRPL, NHAI in the month of January 2022 had given in principal approval for harmonious substitution of the concessionaire i.e. SJRRPL subject to various terms and conditions.

Pursuant to this, definitive agreement was entered into between the Company, SJRRPL, SIPL and Gawar Construction Limited (GCL) as on June 28, 2022 for substitution of the SJRRPL with the new SPV to be 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, all the balances outstanding in the books of the Group as at June 30, 2022 related to project of SJRRPL are adjusted against the consideration receivable from the GCL. 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 Lakhs is disclosed as Exceptional Item and amount of Rs. 5,432.32 Lakhs is included in other expenses.





b. In case of one of the step down subsidiaries namely Sadbhav Banglore 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 the step down subsidiary have notified to NHAI about exercise of their right of substitution of concessionaire i.e. SBGHPL 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 the SBGHPL, subject to execution of appropriate documentation for recording the terms and conditions relating to the proposed substitution of SBGHPL. In case of substitution of the concessionaire, the project of the company shall be transferred to nominated company 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 Sadbhav 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.

11 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.

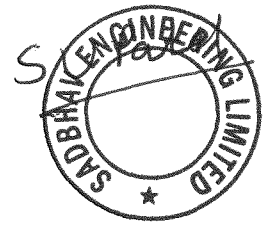
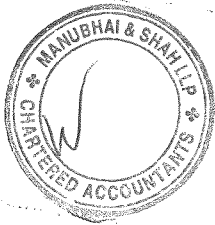
During last few years there has been substantial increase in the cost of construction. Further, there were delays in execution of the work due to resource constraints. To overcome this situation since last two years, the Company sub-contracted or took exit from some of the works post final measurement 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.

12 The Board of Directors in the meeting held on October 15, 2022 have resolved to withdraw Scheme of Amalgamation filed with Hon'ble National Company Law Tribunal Ahmedabad Bench (NCLT) with regard to amalgamation of Sadbhav Infrastructure Project Limited (Transferor Company) with Sadbhav Engineering Limited (Transferee Company) under sections 230 to 232 of the Companies Act, 2013. Consequently, on application made by the Company, the NCLT vide its order dated October 19, 2022 has allowed the withdrawal of the said application. Accordingly, the Scheme of merger stands cancelled.

13 Finance cost includes Interest expenses in respect of two step down subsidiary companies namely Rohtak Hissar Tollways Private Limited (RHTPL) 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 & RHTPL are prepared on non going concern basis due to issue of termination notice to NHAI by RPTPL & RHTPL.





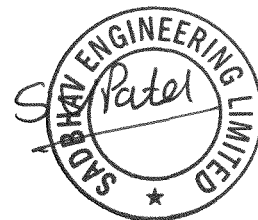
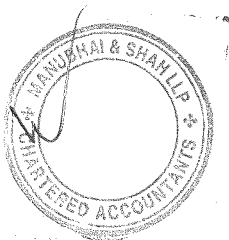
- 14 The company finds difficulty in meeting obligation of payment to suppliers and statutory dues in normal course of business. There are defaults in repayment of dues to lenders. This is mainly an account of delay in execution of projects and resources constraint.

During the year ended March 31, 2023, the consortium lenders except one lender of the company have signed an Inter Creditor Agreement on December 26, 2022 due to defaults in the repayment of dues. The account of Company has been classified as Non Performing Assets. The Management is in the process of monetizing the existing -6- HAM Projects of group out of which binding term sheet has been signed with the buyer for -2- HAM projects and other -4- HAM Projects are expected to be monetized soon. Further, due to delay in completion of EPC works under execution on account of shortage of working capital, the Company has proactively taken decision to rearrange the EPC contract work.

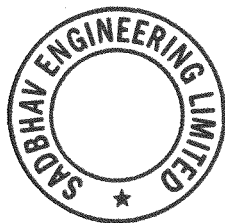
Based on this, the Company has submitted the Resolution Plan to the Consortium of lenders which is under active discussion with the lenders. The ingredients of Resolution Plan covers proceeds from monetization of HAM Assets & other Assets, infusion of funds from the promoters, receipt of claim amount / other receivables and refinance / stake sale of operational projects as well as of restructuring of dues of lenders. These activities will bring reduction of overall liabilities including reduction of debt and will also bring additional liquidity in the company to ramp up its execution.

Considering the above aspect and in anticipation of approval from lenders of Resolution Plan, its implementation and infusion of funds from promoters of the Company, the management believes that Company will be able to generate an incremental operational cash flows. Hence there is no threat to the Going Concern assumption adopted in the preparation of financial statements for the year ended March 31, 2023.

- 15 In case of Sadbhav Vidarbha Highway Limited (Concessionaire or SVHL), step down subsidiary where lenders of SVHL have exercised right of substitution of concessionaire in the month of February, 2023. The Concessionaire vide its letter dated May 5, 2023 had recommended National Highway Authority of India (NHAI), Harmonious substitution of concessionaire. The approval of NHAI is awaited. The SIPL and SVHL are in active discussion with Gawar Construction Limited for executing endorsement/settlement agreement. Owing to the uncertainty of outcome of substitution proceeding note, no adjustment is made to the carrying value of assets and liabilities in the financial statements of SVHL and the financial statements of SVHL is prepared on going concern basis.
- 16 In case of Sadbhav Nainital Highway Limited (Concessionaire or SNHL), step down subsidiary where National Highway Authority of India (NHAI) vide its letter dated April 17, 2023 has given In-Principal approval for harmonious substitution of concessionaire. The SIPL and SNHL are in active discussion with Gawar Construction Limited for executing endorsement/settlement agreement. As per the Binding Term Sheet, the recoverability of the amount invested by SIPL as Equity and Sub-debt is substantially certain and hence as per management estimate, no provision is required to be made to the carrying value of assets and liabilities in the financial statements of SNHL and the financial statements of SNHL is prepared on going concern basis
- 17 Sadbhav Bangalore Highway Private Limited (SBGHPL), step down subsidiary in which Tax credit receivables are carried in the Balance sheet at Rs. 4267.40 lakhs under the Other Current assets. 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. For which the statutory auditors have expressed qualified opinion on financial results in this regards.
- 18 Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), subsidiary in which Tax credit receivables are carried in the Balance sheet at Rs. 1554.50 lakhs under the Other Current assets. 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. For which the statutory auditors have expressed qualified opinion on financial results in this regards.



- 19 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 (Granter) 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.
- 20 There is delay in physical progress of work as at March 31, 2023 in respect of projects being executed by Sadbhav Kim Expressway Private Limited (SKEPL), and Sadbhav Rudrapur Highway Private Limited (SRHPL) step down subsidiaries of the company on account of delay in handing of over land from authority, occurrence of Force Majeure event of pandemic of COVID-19 and various other reasons beyond the control of the said step down subsidiary. Further the Company, SKEPL and SRHPL could not execute the project due to resource constrain. The company is exploring various option for completion of the project. 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.
- 21 During the year ended March 31, 2023 revenue from operations include sale of construction material of Rs. 3057.36 Lakhs and cost of construction material sold of Rs. 2617.13 Lakhs is included in cost of material consumed.
- During the quarter ended March 31, 2023 revenue from operations include sale of construction material of Rs. 714.55 Lakhs and cost of construction material sold of Rs. 600.23 Lakhs is included in cost of material consumed.
- 22 Figures relating to the previous periods / year have been regrouped / rearranged, wherever necessary, to make them comparable with those of the current periods / year.
- 23 Statement of audited Cash flow for the year ended March 31, 2023 and March 31, 2022 is given in Annexure 1.



For SADBHAV ENGINEERING LIMITED

*SV Patel*

Shashin V. Patel  
Chairman and Managing Director  
DIN: 00048328  
Place : Ahmedabad  
Date : May 28, 2023

SIGNED FOR IDENTIFICATION BY

*[Signature]*  
MANUBHAI & SHAH LLP  
CHARTERED ACCOUNTANTS

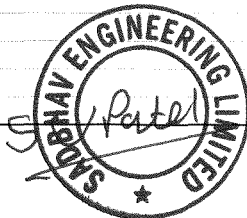
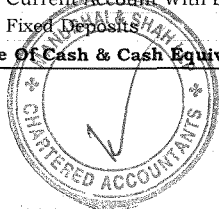
**SADBHAV ENGINEERING LIMITED**

CIN :: L45400GJ1988PLC011322

**Annexure 1 : CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023**

(Rs. in Lakhs)

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash Flow From Operating Activities :</b>		
<b>Net Loss before Tax as per Profit and Loss account</b>	(71333.95)	(73494.72)
<b>Adjustments For :</b>		
Interest Income	(3733.32)	(94680.44)
Interest Expenses	66106.38	97542.59
Depreciation & Amortisation	13096.79	16687.33
Provision for impairment of Contract Assets	6635.03	69391.76
Exceptional Item	36883.14	0.00
Actuarial Gain/Loss	38.41	219.51
Written off the Receivables	26337.58	0.00
Written back of the payables	(11066.47)	0.00
Written off the Inventories	2163.40	0.00
	136460.94	89160.75
<b>Operating Profit Before Working Capital Changes</b>	65126.98	15666.03
<b>Adjustment For :</b>		
(Increase)/Decrease of Long Term Trade Receivables	167134.81	(17649.17)
(Increase)/Decrease of Trade Receivables	(50726.77)	(18788.73)
(Increase)/Decrease of Other Current Assets	(21248.99)	(94108.73)
(Increase)/Decrease of Other Current Financial Assets	31637.01	(129202.14)
(Increase)/Decrease of Other Non Current Assets	(983.16)	5026.02
(Increase)/Decrease of Other Non Current Financial Assets	1100.71	2089.60
(Increase)/Decrease of Inventories	5282.02	3161.23
(Increase)/Decrease of Loan given	(8170.98)	2372.81
(Increase)/Decrease of Other Bank Balances	4492.73	(5064.81)
Increase/(Decrease) of Other Long Term Financial Liabilities	4486.40	(106403.00)
Increase/(Decrease) of Investment	(23416.19)	0.00
Increase/(Decrease) of Trade Payables	11686.10	(26475.56)
Increase/(Decrease) of Other Current Liabilities	(16378.32)	(4598.76)
Increase/(Decrease) of Other Current Financial Liabilities	3206.25	68404.80
Increase/(Decrease) of Provision	1589.10	(14179.50)
	109690.72	(335415.94)
<b>Cash Generated / (used in) From Operations</b>	174817.70	(319749.91)
Income Tax Refund	1794.86	10208.99
<b>Net Cash Flow Generated / (used in) From Operating Activities</b>	<b>176612.56</b>	<b>(309540.92)</b>
<b>B. Cash Flow From Investment Activities :</b>		
Purchase of Property, Plant & Equipments and Intangible Assets	(6623.12)	370248.26
Sales of Property, Plant & Equipments	2257.91	4945.06
Other Current Investments	0.00	706.40
Proceeds from Other Non Current Investments (Net)	5440.48	54593.30
Proceed / (Repayment) towards compound financial	(1625.98)	0.00
Interest Received	3733.32	3182.61
	3182.61	94680.44
<b>Net Cash Flow Generated From Investing Activities</b>	3182.61	525173.46
<b>C. Cash Flow From Financing Activities :</b>		
Proceeds/(Repayment) of Long Term Borrowings (Net)	(164065.22)	(238252.67)
Proceeds/(Repayment) of Short Term Borrowings (Net)	65700.58	105201.50
Lease Liability	(172.24)	(1227.42)
Interest Paid	(66106.38)	(97542.59)
Assets held for sale	(19846.10)	20743.20
Loss/(Profit) transfer to Non controlling Interest	(312.23)	375.09
	(184801.59)	(210702.89)
<b>Net Cash Flow (Used in) Financing Activities</b>	(184801.59)	(210702.89)
Net Increase In Cash & Cash Equivalents ( A+B+C )	(5006.42)	4929.65
Opening Balance Of Cash & Cash Equivalents	15676.19	10746.54
<b>Closing Balance Of Cash &amp; Cash Equivalents</b>	<b>10669.77</b>	<b>15676.19</b>
<b>Components Of Cash &amp; Cash Equivalents</b>		
Cash On Hand	34.86	83.66
Balance In Current Account With Banks	4835.22	14201.78
Balance In Fixed Deposits	5799.69	1390.75
<b>Closing Balance Of Cash &amp; Cash Equivalents</b>	<b>10669.77</b>	<b>15676.19</b>



# **Manubhai & Shah LLP**

Chartered Accountants

**Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company pursuant to the Regulations 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To**

**The Board of Directors of  
Sadbhav Engineering Limited  
Report on the audit of the Standalone Financial Results**

## **Qualified Opinion**

We have audited the accompanying Statement of Standalone Financial Results of Sadbhav Engineering Limited (the "Company") for the quarter and year ended March 31, 2023 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulations 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement except for the possible effect of the matter described in basis for qualified opinion section of our report:

- i. is presented in accordance with the requirements of Regulation 33 and 52 of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Accounting Standards and other accounting principles generally accepted in India of the standalone net loss, standalone other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2023.



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Website : [www.msglobal.co.in](http://www.msglobal.co.in)

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### **Basis for Qualified Opinion**

We draw attention to Note 6 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 Highway Authority of India (NHAI) on account of Force Majeure Event as per concession agreement. As explained in the said note, the Company has carried out impairment assessment of outstanding balance in this step-down subsidiary duly considering the expected payment arising out of aforesaid termination and other claims filed with NHAI and based on the above assessment, management has concluded that no impairment / adjustment to the carrying value of the loan and other receivables balance is necessary as at March 31, 2023.

However, we have not been able to corroborate the management's contention of realizing the carrying value of loan and other receivables of Rs. 14,865.37 Lakhs as on the reporting date, related to the said step-down subsidiary.

Accordingly, we are unable to comment on appropriateness of the carrying value of such loan and the consequential impact on the financial results and financial position of the Company as at reporting date and for the quarter and year ended on March 31, 2023.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Emphasis of Matter**

We draw attention to Note 4 to the accompanying Standalone Financial Results in respect of balances in the account of parties pertaining to trade payables and other incidental balances which are under evaluation by management and subject to confirmation by the parties. Subsequent adjustments, if any, required upon such confirmation and evaluation.

**Material uncertainty related to going concern**

We draw attention to Note 8 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 respective 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 opinion is not modified in respect of this matter.

**Responsibilities of Management and those charged with governance for the Standalone Financial Results**

The Standalone Financial Results have been prepared on the basis of the Standalone Annual Financial Statements for the year ended March 31, 2023. The Company's Board of Directors are responsible for the preparation and presentation of the Standalone Financial Results that give a true and fair view of the net loss and other comprehensive income of the Company and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulations 33 and 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.



**Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Standalone Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

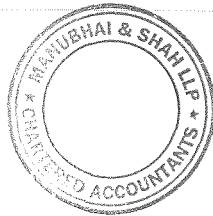
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matters**

Attention is drawn to the fact that the Statement includes the results for the quarter ended March 31, 2023 and the corresponding quarter ended in the previous year, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the end of the third quarter of the respective financial year, which were subject to limited review by us as required under Listing Regulations.

Place: Ahmedabad

Date: May 28, 2023



**For Manubhai & Shah LLP**  
**Chartered Accountants**

**Firm Registration No.: 106041W/W100136**

A handwritten signature in black ink, appearing to read "K C Patel".

**K C Patel**  
**Partner**

**Membership No.: 030083**

**UDIN: 23030083BGWUWM3632**

# Manubhai & Shah LLP

Chartered Accountants

**Independent Auditors' Report on the Quarterly and Year to Date Audited Consolidated Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To  
The Board of Directors of  
Sadbhav Engineering Limited**

**Report on the audit of Consolidated Financial Results**

**Qualified Opinion**

We have audited the accompanying statement of quarterly and year to date Consolidated Financial Results of Sadbhav Engineering Limited ("Holding Company" or the "Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), for the quarter and for the year ended March 31, 2023 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate audited financial statements of the subsidiaries, the Statement:

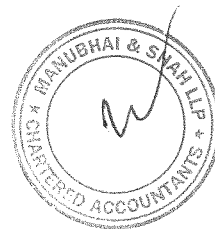
(i) includes the results of the following entities:

**Holding Company:**

Sadbhav Engineering Limited

**List of Subsidiaries:**

1. Sadbhav Infrastructure Project Limited (SIPL)
2. Sadbhav Gadag Highway Private Limited (SGHPL)



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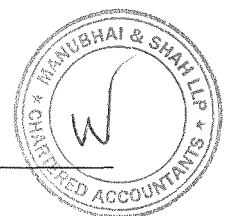
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**List of Step-down subsidiaries:**

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 (earlier known as Sadbhav Rudrapur Highway Private Limited) (SRHPL)
  6. Sadbhav Una Highway Limited (earlier known as Sadbhav Una Highway Private Limited) (SUHL)
  7. Sadbhav Bhavnagar Highway Limited (earlier known as Sadbhav Bhavnagar Highway Private Limited) (SBHL)
  8. Sadbhav Nainital Private Limited (earlier known as Sadbhav Nainital Highway Private Limited) (SNHL)
  9. Sadbhav Bangalore Highway Private Limited (SBGHPL)
  10. Sadbhav Vidarbha Highway Limited (earlier known as Sadbhav Vidarbha Highway Private Limited) (SVHL)
  11. Sadbhav Udaipur Highway Limited (earlier known as Sadbhav Udaipur Highway Private Limited) (SUDHL)
  12. Sadbhav Jodhpur Ring Road Private Limited (SJRRPL)
  13. Sadbhav Maintenance Infrastructure Private Limited (earlier known as Sadbhav Vizag Port Road Private Limited) (SMIPL)
  14. Sadbhav Kim Expressway Private Limited (SKEPL)
  15. Sadbhav Infra Solutions Private Limited (earlier known as Sadbhav Bhimasar Bhuj Highway Private Limited) (SISPL)
  16. Sadbhav Hybrid Annuity Project Limited (SHAPL)
- (ii) except for the possible effect of the matter described in basis for qualified opinion of section of our report is presented in accordance with the requirements of Regulation 33 and 52 of the Listing Regulations in this regard; and
- (iii) except for the possible effect of the matter described in basis for qualified opinion of section of our report gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Accounting Standards and other accounting principles generally accepted in India of the consolidated net profit, consolidated other comprehensive income for the quarter ended March 31, 2023 and consolidated net loss, consolidated other comprehensive income and other financial information of the Group for the year ended March 31, 2023.



**Basis for Qualified Opinion**

1. As detailed in Note 13 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 step down 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 of RPTPL and RHTPL for the year ended March 31, 2023 vide their report dated May 25, 2023.

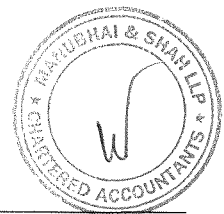
2. As detailed in Note 15 of the accompanying statement, with respect to Sdbhav Vidarbha Highway Limited (Concessionaire or SVHL), step down subsidiary of the group in which case lenders of SVHL has exercised right of substitution of concessionaire in the month of February, 2023. The Concessionaire vide its letter dated May 5, 2023 had recommended National Highway Authority of India (NHAI), Harmonious substitution of concessionaire. The approval of NHAI is awaited. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial statements of SVHL and the financial statements of SVHL is 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 position of the Group as on March 31, 2023.
3. As detailed in Note 16 of the accompanying statement, with respect to Sdbhav Nainital Highway Limited (Concessionaire or SNHL), step down subsidiary of the group in which case National Highway Authority of India (NHAI) vide its letter dated April 17, 2023 has given In-Principal approval for harmonious substitution of concessionaire. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial statements of SNHL and the financial statements of SNHL is prepared on going concern basis pending finalization of substitution.

The auditors of SNHL have expressed qualified opinion on the financial statement of SNHL for the year ended March 31, 2023 vide their report dated May 26, 2023.

4. As detailed in Note 17 of the accompanying Consolidated Financial Results, with respect to Sadbhav Bangalore Highway Private Limited (SBGHPL), subsidiary of the group in which Tax credit receivables are carried in the Balance sheet at Rs. 4,267.40 Lakhs under the Other Current assets. However, during financial year 2022-2023, the SBGHPL does not have any business activity nor are we informed about the management plan for taking up other business activity.
5. As detailed in Note 18 of the accompanying Consolidated Financial Results, with respect to Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), subsidiary of the group in which Tax credit receivables are carried in the Balance sheet at Rs. 1,554.50 Lakhs under Other Current assets. However, during financial year 2022-2023, 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 of SJRRPL for the year ended March 31, 2023 vide their report dated May 26, 2023 mentioning that they are unable to comment about the utilization of tax credits in foreseeable future.

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group, in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion.





### Material uncertainty related to going concern

We draw attention to Note 14 to the accompanying Consolidated Financial Results, which indicates that, 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 the respective lenders have been classified as Non-Performing Assets. Further, as per the Consolidated Financial Results of the Company, as of that date the current liabilities of the Group exceeded the current assets by Rs. 75,497.73 Lakhs.

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 opinion is not modified in respect of this matter.

### Emphasis of Matter

We draw attention to:

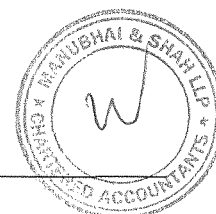
- a) Note 4 to the accompanying Consolidated Financial Results in respect of balances in the account of parties pertaining to trade payables and other incidental balances which are under evaluation by management and subject to confirmation by the parties.
- b) Note 8 & 9 of the accompanying Consolidated Financial Results with respect to preparation of financial statement of Rohtak Panipat Tollway Private Limited (RPTPL) and Rohtak Hissar Tollway Private Limited (RHTPL) step-down subsidiaries on non-going concern basis on account of issue of termination notice by RPTPL and RHTPL to Nation Highway Authority of India (NHAI) and consequently making necessary adjustments to carrying value of assets and liabilities considering non going concern basis.
  - Transfer of carrying value of intangible assets to claims receivable from NHAI
  - De recognition of major maintenance obligation and/or premium obligation under concession agreement.

- c) Note 19 of the Consolidated Financial Results in respect of accounting of Intangible Asset/ Intangible Assets under Development of Rs. 22,288.40 Lakhs under the Service Concession Arrangement of one of the subsidiaries of the group namely Maharashtra Border Check Post Network Limited (MBCPNL) based upon recommendation made by the project lenders' engineer and technical experts appointed by project authorities. Pending final approval by the Government of Maharashtra, no adjustments are considered necessary in these Consolidated Financial Results.

Our opinion is not modified in in respect of the above matters.

**Responsibilities of Management and those charged with governance for the Consolidated Financial Results**

The Consolidated Financial Results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Results that gives a true and fair view of the consolidated net profit, consolidated other comprehensive income for the quarter ended March 31, 2023 and consolidated net loss, consolidated other comprehensive income and other financial information of the Group for the year ended March 31, 2023 in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Results by the Directors of the Holding Company, as aforesaid.



In preparing the Consolidated Financial Results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Consolidated Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.'
- Evaluate the overall presentation, structure and content of the Consolidated Financial Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement of which we are the independent auditors. For the other entity included in the Consolidated Financial Results, which have been audited by other auditor, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entity included in the Consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

**Other Matters**

The Consolidated Financial Results include the audited financial results and other financial information, in respect of 1 subsidiary and 8 step-down subsidiary companies, whose financial results reflect total assets (before consolidation adjustments) of Rs.5,74,118.70 Lakhs as at March 31, 2023, total revenues (before consolidation adjustments) of Rs. 20,411.58 Lakhs and Rs.41,837.85 Lakhs, total net (loss) / profit after tax (before consolidation adjustments) of Rs. (11,525.19) Lakhs and Rs. (31,395.50) Lakhs, total comprehensive income of (before consolidation adjustments) Rs. (11,525.79) Lakhs and Rs. (31,396.10) Lakhs, for quarter and the year ended on that date respectively and net cash inflows (before consolidation adjustments) for year ended March 31, 2023 of Rs. (6,986.70) Lakhs, as considered in the Statement which have been audited by its respective independent auditors.

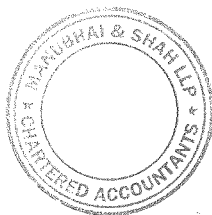
The independent auditor's report on the Consolidated Financial Results of these entities have been furnished to us by the management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and step-down subsidiary companies, is based solely on the reports of such auditors and the procedures performed by us are as stated in paragraph above.

Our opinion on the Consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Attention is drawn to the fact that the Statement includes the results for the quarter ended March 31, 2023 and the corresponding quarter ended in the previous year, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the end of the third quarter of the respective financial year, which were subject to limited review by us as required under Listing Regulations.

**Place: Ahmedabad**

**Date: May 28, 2023**



**For Manubhai & Shah LLP**  
**Chartered Accountants**  
**Firm Regn No.:106041W/W100136**

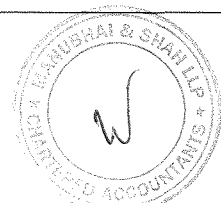
*K C Patel*

**K C Patel**  
**Partner**  
**Membership No.: 030083**  
**UDIN: 23030083BGWUWO3130**

**ANNEXURE I**

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)  
 submitted along-with Annual Audited Financial Results - (Standalone)**

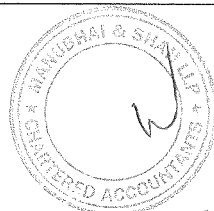
<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]</b>				
<b>I.</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications) (Rs. in Lakhs)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lakhs)</b>
	1.	Turnover / Total income	1,05,415.99	Not ascertainable
	2.	Total Expenditure	1,37,311.68	
	3.	(Loss) after tax	(34,386.35)	
	4.	Earnings Per Share	(20.19)	
	5.	Total Assets	3,35,836.00	
	6.	Total Liabilities (excluding Net Worth)	227,604.18	
	7.	Net Worth	1,08,231.82	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	
<b>II.</b>	<b>Audit Qualification (each audit qualification separately):</b>			
	<p><b>Details of Audit Qualification:</b></p> <p>The Statutory Auditors have provided following qualification in their audit report -</p> <p>We draw attention to Note 6 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 Highway Authority of India (NHAI) on account of Force Majeure Event as per concession agreement. As explained in the said note, the Company has carried out impairment assessment of outstanding balance in this step-down subsidiary duly considering the expected payment arising out of aforesaid termination and other claims filed with NHAI and based on the above assessment, management has concluded that no impairment / adjustment to the carrying value of the loan and other receivables balance is necessary as at March 31, 2023.</p> <p>However, we have not been able to corroborate the management's contention of realizing the carrying value of loan and other receivables of Rs. 14,865.37 Lakhs as on the reporting date, related to the said step-down subsidiary.</p> <p>Accordingly, we are unable to comment on appropriateness of the carrying value of such loan and the consequential impact on the financial results and financial position of the Company as at reporting date and for the quarter and year ended on March 31, 2023.</p>			
	a.	<b>Type of Audit Qualification :</b> Qualified Opinion		




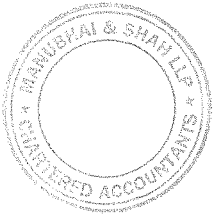


**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023**  
**[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

	b. <b>Frequency of qualification:</b> Appeared first time as at 31.03.2023						
	c. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Impact is not quantified by the Auditors.						
	d. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>						
	(i) <b>Management's estimation on the impact of audit qualification:</b>  <p>The Company has outstanding loan and other receivable of Rs. 14865.38 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.</p> <p>Further, the toll collection by RPTPL was forcefully suspended due to agitation and protest held by farmers and other unions against agri-marketing laws from December 25, 2020. Accordingly, RPTPL could not collect toll user fees from December 25, 2020. RPTPL had sent various communications to NHAI for such forceful suspension of toll. RPTPL has issued notice for termination of concession agreement on July 27, 2021 considering the above event as Force Majeure Event in terms of concession agreement. RPTPL has filed claim amounting to Rs. 395784.40 lakhs relating to termination payments, O&amp;M cost due to force majeure, Covid claim &amp; demonetization etc. with NHAI in terms of concession agreement. In respect of such claims, NHAI has approached to the RPTPL for settlement of all these claims by way of conciliation proceedings, which has been consented by it.</p> <p>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 communications from NHAI for conciliation, 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 March 31, 2023 is considered necessary.</p>						
	(i) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable						
	(ii) <b>Auditors' Comments on (i) or (ii) above:</b> Refer details of audit qualification vide [para II (a) above]						
<b>III</b>	<b>Signatories:</b>						
	<table border="1"> <tr> <td>• <b>Chairman and Managing Director</b> Shashin V. Patel</td> <td><u>SV Patel</u></td> </tr> <tr> <td>• <b>CFO</b> (Dhruvesh Joshi)</td> <td>Dm</td> </tr> <tr> <td>• <b>Audit Committee Chairman</b></td> <td>Tarang Desai</td> </tr> </table>	• <b>Chairman and Managing Director</b> Shashin V. Patel	<u>SV Patel</u>	• <b>CFO</b> (Dhruvesh Joshi)	Dm	• <b>Audit Committee Chairman</b>	Tarang Desai
• <b>Chairman and Managing Director</b> Shashin V. Patel	<u>SV Patel</u>						
• <b>CFO</b> (Dhruvesh Joshi)	Dm						
• <b>Audit Committee Chairman</b>	Tarang Desai						



**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023**  
**[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

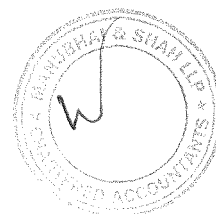
	<ul style="list-style-type: none"><li>• <b>Statutory Auditors</b>  Mr. K. C. Patel Partner Membership Number: 030083 For Manubhai &amp; Shah LLP Chartered Accountants ICAI Firm Registration Number:106041W/W100136</li></ul>	 
	<b>Place: Ahmedabad</b>	
	<b>Date: 28.05.2023</b>	



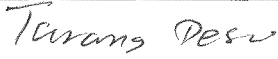


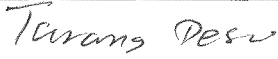


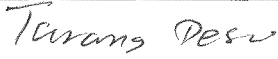
**ANNEXURE I**

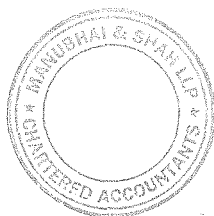
**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Consolidated)**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023</b>				
<b>[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]</b>				
<b>I.</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications) (INR in Lakhs)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications) (INR in Lakhs)</b>
	1.	Turnover / Total income	2,17,649.26	Not ascertainable
	2.	Total Expenditure	2,52,100.07	
	3.	(Loss) After Tax	(69,938.98)	
	4.	Earnings Per Share	(34.32)	
	5.	Total Assets	9,82,430.48	
	6.	Total Liabilities (excluding Net Worth)	9,48,878.86	
	7.	Net Worth	33,551.62	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	
<b>II.</b>	<b>Audit Qualification (each audit qualification separately):</b>			
	<p>1. As detailed in Note 13 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 step down 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.</p> <p>The auditors of RPTPL and RHTPL have expressed qualified opinion on the financial statement of RPTPL and RHTPL for the year ended March 31, 2023 vide their report dated May 25, 2023.</p> <p>2. As detailed in Note 15 of the accompanying statement, with respect to 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 Concessionaire vide its letter dated May 5, 2023 had recommended National Highway Authority of India (NHAI), Harmonious substitution of concessionaire. The approval of NHAI is awaited. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial statements of SVHL and the financial statements of SVHL is prepared on going concern basis. Owing to the uncertainty of outcome of substitution proceedings and lack of other alternate audit evidence, we</p>			

	<p>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 position of the Group as on March 31, 2023.</p> <p>3. As detailed in Note 16 of the accompanying statement, with respect to Sadbhav Nainital Highway Limited (Concessionaire or SNHL), step down subsidiary of the group in which case National Highway Authority of India (NHAI) vide its letter dated April 17, 2023 has given In-Principal approval for harmonious substitution of concessionaire. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial statements of SNHL and the financial statements of SNHL is prepared on going concern basis pending finalization of substitution.</p> <p>The auditors of SNHL have expressed qualified opinion on the financial statement of SNHL for the year ended March 31, 2023 vide their report dated May 26, 2023.</p> <p>4. As detailed in Note 17 of the accompanying Consolidated Financial Results, with respect to Sadbhav Bangalore Highway Private Limited (SBGHPL), subsidiary of the group in which Tax credit receivables are carried in the Balance sheet at Rs. 4,267.40 Lakhs under the Other Current assets. However, during financial year 2022-2023, the SBGHPL does not have any business activity nor are we informed about the management plan for taking up other business activity.</p> <p>5. As detailed in Note 18 of the accompanying Consolidated Financial Results, with respect to Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), subsidiary of the group in which Tax credit receivables are carried in the Balance sheet at Rs. 1,554.50 Lakhs under Other Current assets. However, during financial year 2022-2023, the SJRRPL does not have any business activity nor are we informed about the management plan for taking up other business activity.</p> <p>The auditors of SJRRPL have expressed qualified opinion on the financial statement of SJRRPL for the year ended March 31, 2023 vide their report dated May 26, 2023 mentioning that they are unable to comment about the utilization of tax credits in foreseeable future.</p>
	<p>a. <b>Type of Audit Qualification :</b> Qualified Opinion</p>
	<p>b. <b>Frequency of qualification:</b> Appeared first time as at 31.03.2023</p>
	<p>c. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Impact is not quantified by the Auditors.</p>
	<p>e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p>
	<p>(i) <b>Management's estimation on the impact of audit qualification:</b></p> <p>1. Finance cost includes Interest expenses in respect of two step down subsidiary companies namely Rohtak Hissar Tollways Private Limited (RHTPL) 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 &amp; RHTPL are prepared on non going concern basis due to issue of termination notice to NHAI by RPTPL &amp; RHTPL.</p> <p>2. In case of Sadbhav Vidarbha Highway Limited (Concessionaire or SVHL), step</p>



	<p>down subsidiary where lenders of SVHL have exercised right of substitution of concessionaire in the month of February, 2023. The Concessionaire vide its letter dated May 5, 2023 had recommended National Highway Authority of India (NHAI), Harmonious substitution of concessionaire. The approval of NHAI is awaited. The SIPL and SVHL are in active discussion with Gawar Construction Limited for executing endorsement/settlement agreement. Owing to the uncertainty of outcome of substitution proceeding note, no adjustment is made to the carrying value of assets and liabilities in the financial statements of SVHL and the financial statements of SVHL is prepared on going concern basis.</p> <p>3. In case of Sadbhav Nainital Highway Limited (Concessionaire or SNHL), step down subsidiary where National Highway Authority of India (NHAI) vide its letter dated April 17, 2023 has given In-Principal approval for harmonious substitution of concessionaire. The SIPL and SNHL are in active discussion with Gawar Construction Limited for executing endorsement/settlement agreement. As per the Binding Term Sheet, the recoverability of the amount invested by SIPL as Equity and Sub-debt is substantially certain and hence as per management estimate, no provision is required to be made to the carrying value of assets and liabilities in the financial statements of SNHL and the financial statements of SNHL is prepared on going concern basis.</p> <p>4. Sadbhav Bangalore Highway Private Limited (SBGHPL), step down subsidiary in which Tax credit receivables are carried in the Balance sheet at Rs. 4267.40 lakhs under the Other Current assets. 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. For which the statutory auditors have expressed qualified opinion on financial results in this regards.</p> <p>5. Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), subsidiary in which Tax credit receivables are carried in the Balance sheet at Rs. 1554.50 lakhs under the Other Current assets. 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. For which the statutory auditors have expressed qualified opinion on financial results in this regards.</p>						
	<p>(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable</p>						
	<p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> Refer details of audit qualification vide [para II (a) above]</p>						
<p><b>III</b></p>	<p><b>Signatories:</b></p> <table border="1" data-bbox="304 1637 1445 1928"> <tr> <td data-bbox="304 1637 900 1742"> <ul style="list-style-type: none"> <li>Chairman and Managing Director Shashin Y. Patel</li> </ul> </td> <td data-bbox="900 1637 1445 1742">  </td> </tr> <tr> <td data-bbox="304 1742 900 1848"> <ul style="list-style-type: none"> <li>CFO (Dwishes Joshi)</li> </ul> </td> <td data-bbox="900 1742 1445 1848">  </td> </tr> <tr> <td data-bbox="304 1848 900 1928"> <ul style="list-style-type: none"> <li>Audit Committee Chairman</li> </ul> </td> <td data-bbox="900 1848 1445 1928">  </td> </tr> </table>	<ul style="list-style-type: none"> <li>Chairman and Managing Director Shashin Y. Patel</li> </ul>		<ul style="list-style-type: none"> <li>CFO (Dwishes Joshi)</li> </ul>		<ul style="list-style-type: none"> <li>Audit Committee Chairman</li> </ul>	
<ul style="list-style-type: none"> <li>Chairman and Managing Director Shashin Y. Patel</li> </ul>							
<ul style="list-style-type: none"> <li>CFO (Dwishes Joshi)</li> </ul>							
<ul style="list-style-type: none"> <li>Audit Committee Chairman</li> </ul>							



• **Statutory Auditors**

Mr. K C Patel  
Partner  
Membership Number: 030083  
For Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Registration  
Number:106041W/W100136

*K Patel*



**Place: Ahmedabad**

**Date: 28.05.2023**