

**Ref: SEL/2020-21/29**  
**September 07, 2020**

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

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

**Equity Scrip Code:532710**

**Equity Scrip Name: SADBHAV**

**Subject: Notice of 31st Annual General Meeting and Annual Report for financial year 2019-2020 of Sadbhav Engineering Limited**

Dear Sir/Madam,

The AGM of the Company will be held on Tuesday, 29<sup>th</sup> September, 2020, at 3.30 p.m. through Video Conferencing/ Other Audio Visual Means in accordance with the MCA/SEBI circulars.

Pursuant to Regulation 30 and Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed herewith Annual Report including Notice of AGM of the Company for the financial year 2019-20.

In compliance with relevant circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the AGM and the Annual Report of the Company for the financial year 2019-20 are being sent to all the members of the Company whose email addresses are registered with the Company or Depository Participant(s).


The Notice of AGM along with the Annual Report for the financial year 2019-20 is also being made available on the website of the Company at: [www.sadbhaveng.com](http://www.sadbhaveng.com).

You are requested to take the above on your record.

Thanking You,

Yours truly,

**For, Sadbhav Engineering Limited**

  
**Tushar Shah**  
**Company Secretary**  
**Mem. No. F7216**  
**Encl: 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

# Building Tomorrow's Infrastructure Today



## **31<sup>st</sup> Annual Report** **2019-20**

Sadbhav Engineering Limited



Transport



Mining



Irrigation

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**Late Shri Vishnubhai M. Patel**

27 January, 1942 – 25 December, 2018  
Founder and Former Chairman &  
Managing Director,  
Sadbhav Engineering Ltd.

Road that you showed,  
Zenith that you conquered.

Vision that you imparted,  
Leadership that you illustrated.

Relationships that you nurtured,  
Ethics that you embedded.

Care that you extended,  
Generosity that you exemplified  
**will always be cherished  
by all of us at Sadbhav.**



# Building Tomorrow's Infrastructure Today

Managing uncertainties and transforming challenges into opportunities to attain sustainable growth and build tomorrow's infrastructure today are the key strategies driving all our endeavours. Development and growth are continuous pursuit and not just the short term goal for Sadbhav Engineering Limited. At Sadbhav, we do not just create the infrastructure, but we also create the enduring value for all our stakeholders and the country.

Government of India has been proactively working to fast-track the infrastructure development and enable the nation to take a quantum leap into the higher trajectories of progress and prosperity. This pragmatic approach not only aims to build robust infrastructure but also strives to create job opportunities, growth eco-system and an environment favourable for investors. This conducive environment is expected to generate high GDP growth and help other core sectors like agriculture, transportation, industry and trade to burgeon and further establish the country in the league of developed nations.

Sadbhav management with its foresight and hindsight has aligned its business strategies with the Government of India's vision to achieve the holistic growth. Sadbhav Engineering Limited has continuously posted a CAGR of ~16% and ~15% in net revenues and net profits respectively in last 13 years. As on March 31, 2020, the market cap stands at 464.96 crores. Long-term facilities & NCDs are rated A- by CARE and short-term facilities/CP are rated A2+ by CARE.

During 2019-20, Company introduced "Sadbhav Technovation" in all its SBUs, infusing new equipment and technologies. This will not only help in executing the prestigious projects more efficiently but will also give a competitive edge by delivering superlative quality, optimize the resource utilisation and reinstating the Company as the technology leader in



the industry. The Company has also proposed to merge its subsidiary, Sadbhav Infrastructure Project Limited to consolidate its operations.

With order book of ₹ 8,371.90 crores as on March 31, 2020 and eminent clients like NHAI, MSRDC, NHAI, Delhi Metro Rail Corporation Limited, KSHIP, Northern Coalfields Limited, GHCL Limited, Govt. of Odisha, Coal India Limited, GIDC, NVDA, UCIL etc., Sadbhav Engineering Limited is pacing ahead in its pursuit to become the preferred partner for infrastructure development of all large prestigious projects across the country.

While India has emerged as the fastest growing economy, the government policies of Atmanirbhar Bharat, economic stimulus and fast-paced infrastructure development are expected to provide an impetus to all the key sectors. We at Sadbhav are resolute to surpass all our past benchmarks of excellence and build tomorrow's infrastructure today.

# Projects Completed till Date

“Technovation has provided us with more efficient means to proliferate our competence, capacity, contributions in all our constructions.”



**TRANSPORT**  
Roads & Highways  
Over 9621 Lane kms



**MINING**  
Over 562 mn  
cubic mt



**IRRIGATION**  
Canal Work  
Over 812 kms

## Perseverance – The Driving Force to Success

Success is not just the four-leaf clover. It needs to be envisaged in the plan itself and should be achieved by carefully allocating resources, mitigating risks and achieving each project milestone with resolute perseverance. At Sadbhav, we are striving to build tomorrow's infrastructure today as we believe that we are responsible towards future generations and should get ourselves future ready, so that our future endeavours would be more successful and sustainable.

Government has introduced structural reforms by including simplification of appraisal and approval processes as well as structural changes in budget making itself during last few years. During 2019-20, the Union Ministry of Road Transports and Highways (MoRTH) allocated an outlay of more than ₹ 500 Crore for major central sector and centrally sponsored

schemes in FY 2019-20. It kept physical target of 32,000 Lane kms including Bharatmala, NHDP Projects and other schemes and awarded 6000 kms of new projects during the year. Sadbhav has built roads and highways over 9,621 Lane kms as on March 31, 2020. The work is in progress for Bhavnagar Talaja project, Rampur-Kathgodam Package -I, Udaipur Bypass Project, BRT Tiger Reserve, Bengaluru Project, Una to Kodinar Project, Rampur-Kathgodam Package-2, Waranga-Mahagaon Project, Jodhpur Ring Road, Kim-Ankleshwar, Gadag-Honnali, Lucknow Ring Road, Ahmedabad to Rajkot and Mumbai-Nagpur Expressway Package 5. Sadbhav is also participating in the bidding process of NHAI for 27 EPC Projects and 24 HAM Projects. The order book of Transport division stands at ₹ 5,982.35 crores with revenue contribution to the company's business by 89% as on March 31, 2020. For Sadbhav, every success is the milestone in our continuous pursuit of excellence and we are determined to script new success stories in times to come.



## Building the Sustainable Irrigation Infrastructure for the Nation

Water is an essential input for agriculture to ensure self-sustenance of the nation for food grains. Also to distribute the water fairly for agriculture, industry and domestic use as well as across geographies within the country, a robust infrastructure is required for the water distribution. A robust irrigation infrastructure would mean balanced growth of all the areas in terms of their agriculture outputs.

Economic Survey Report 2020 emphasised the importance of sustainable agricultural practices to support small and marginal farmers, who constitute 87 per cent of India's farmers. As per the survey, stronger push and appropriate fund allocation is the need of the hour to realize the target of 1 crore hectares coverage in 5 years. The government has also planned "Nal se Jal" mission and has an ambitious plan to supply piped water to every rural Indian household by

2024 and aims to supply water through pipelines in the range of 43-55 litre per capita per day (LPCD), depending on the season to each and every rural household. This is expected to result in building more canals, pipelines and structures to supply water in remote areas.

Sadbhav has bagged orders of ₹ 364.16 crores in Irrigation business as on March 31, 2020. Order book value is translating to 3.91 x of FY20's irrigation revenue with the projects under canal construction work, reached over 812 kms as on date. The Company has introduced new state-of-the-art technologies and equipment to make its operations more efficient and giving superior edge. At Sadbhav, we are determined to get more orders from government during the year and completing the projects already assigned by surpassing the expectations and parameters set for the projects.



## Unearthing True Value

Mining has been very important sector and key contributor for the economic growth of the nation. As India embarks on a fast track growth towards US\$ 5 trillion economy by FY25, the mining sector calls for a much sharper focus and concerted efforts by the policy makers and industry players to regain 3% share in the GDP by FY25.

For 2019-20, overall mineral production rose by 1.7 per cent. Coal production rose by 4.3 per cent to 958 lakh tonnes in March over the same month last year. Chromite production increased by 15.9 per cent to 582,000 tonnes and iron ore by 8.3 per cent to 204 lakh tonnes in March, 2020.

India holds a fair advantage in cost of production and conversion cost of steel and alumina. The country is the second largest crude steel producer with production of 111.2 million tonnes

(MT) of crude steel in 2019. Crude steel production and finished steel production stood at 108.5 MT and 101.03 MT, respectively, in FY20. India is the largest producer of sheet mica in the world and has the seventh largest bauxite reserves at around 2,908.85 MT in FY19. Iron ore production in the country increased to 205.70 MT in FY20. In FY20, India's iron and steel exports were valued at US\$ 9.28 billion. During FY16-FY20, India's export of iron and steel grew at a CAGR of 14 per cent.

Sadbhav posted stupendous growth in its Mining orders during the year 2019-20 with order book value of ₹ 2,025.39 crores, by contributing 24.19% of company's total order book value and 7% of the total revenue. The Company mined over 562 mn Cubic mt as on March 31, 2020. This progress of SEL can be attributed to its multi pronged strategic approach with focus on business development, technology upgradation and capacity enhancement. At Sadbhav, we leave no stone unturned to unearth the true value and reinstate Sadbhav as the front runner in the mining sector.







## Corporate Information

### Board of Directors



**Shri Shashin V. Patel**  
Non-Executive Director  
Vice Chairman



**Shri Nitin R. Patel**  
Executive Director & CFO



**Shri Vasistha C. Patel**



**Shri Sandip V. Patel**  
Independent Director



**Shri Arun S. Patel**  
Independent Director



**Dr. Tarang M. Desai**  
Independent Director



**Smt. Purvi S. Parikh**  
Independent Director

### Chief Executive Officer (CEO)

## COMPANY SECRETARY

Shri Tushar D. Shah

## BOARD COMMITTEES

### Audit Committee

**Shri Sandip V. Patel**

Chairman

**Shri Nitin R. Patel**

Member

**Shri Arun S. Patel**

Member

**Smt. Purvi S. Parikh**

Member

(w.e.f. 02-09-2020)

### Nomination and Remuneration Committee

**Shri Arun S. Patel**

Chairman

**Shri Sandip V. Patel**

Member

**Dr. Tarang M. Desai**

Member

### Stakeholders

#### Relationship Committee

**Shri Arun S. Patel**

Chairman

**Shri Sandip V. Patel**

Member

**Shri Nitin R. Patel**

Member

**Dr. Tarang M. Desai**

Member

(w.e.f. 02-09-2020)

### Finance and Investment Committee

**Shri Shashin V. Patel**

Chairman

**Shri Nitin R. Patel**

Member

**Shri Sandip V. Patel**

Member

### Corporate Social Responsibility Committee

**Shri Shashin V. Patel**

Chairman

**Shri Nitin R. Patel**

Member

**Shri Arun S. Patel**

Member

### Risk Management Committee

**Shri Shashin V. Patel**

Chairman

**Shri Nitin R. Patel**

Member

**Shri Sandip V. Patel**

Member

### BANKERS

Oriental Bank of Commerce

(Now as Punjab National Bank)

The Karur Vysya Bank Limited

ICICI Bank Limited

IDBI Bank Ltd.

Yes Bank Ltd.

Standard Chartered Bank

Punjab National Bank

State Bank of India (e-OBC)

Axis Bank

Bank of India

Union Bank of India

### STATUTORY AUDITORS

M/s. Dhirubhai Shah & Co. LLP

M/s. Manubhai & Shah LLP

(Joint Statutory Auditor w.e.f.

02-09-2020)

### WORKSHOP

Village Ognaj, Tal. Daskroi,

Dist. Ahmedabad.

## REGISTERED OFFICE

"Sadbhav House",

Opp. Law Garden Police

Chowki, Ellisbridge,

Ahmedabad - 380006.

Website:

www.sadbhaveng.com

## CORPORATE OFFICE

1<sup>st</sup> Floor, "Sadbhav",

Nr. Havmor Restaurant,

B/H. Navrangpura

Bus Stand, Navrangpura,

Ahmedabad - 380009.

## MUMBAI OFFICE

602/702, "C" Wing,

Godrej Coliseum,

Nr. Lokmanya,

Behind Everard Nagar,

Sion (East), Mumbai - 400022.

**CIN: L45400GJ1988PLC011322**

## REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.

C-101, 1st floor, 247 Park,

L.B.S. Marg, Vikhroli (West),

Vikhroli, Mumbai - 400083.



“Stakeholder engagement is pivotal to our corporate strategy on issues of sustainability, community care, environment conservation, compliance and human rights.”



## Message From Vice Chairman

**Dear Stakeholders,**

While it is challenging to predict the uncertainties of the future, the success lies in building new paths leading towards growth that have not yet been imagined. By expanding the perceptions of the strategic options available, we can create the vision to own the future. It is better to create our own paths to a destination we want to triumph than traversing on rather easy paths to the destinations not known to us.

Sadbhav has a vision to build tomorrow's constructions today by virtue of 4 Ds intrinsic to its philosophy namely, Dream, Design, Dedication and Dynamism. Sadbhav is relentlessly working to build the future infrascap for the nation through its various Engineering, Procurement and Construction (EPC) projects in Transport, Mining & Irrigation sectors across 12 states in the country.

The global economy witnessed some setbacks during the year with major outbreak of COVID-19 pandemic that completely changed the lifestyle of the people, changing the modes of

interactions and transactions. Lockdown, travel restrictions and social distancing norms completely changed the rules introducing new normal. While Indian Government proactively worked on averting the major threat of community transmissions, it also gave moral support to the infrastructure sector to continue work on major projects. It was a challenging task for the infrastructure sector to retain the workforce and manage their health & safety at the sites. However, your Company anticipates no significant long term impact on its business performance due to COVID-19.

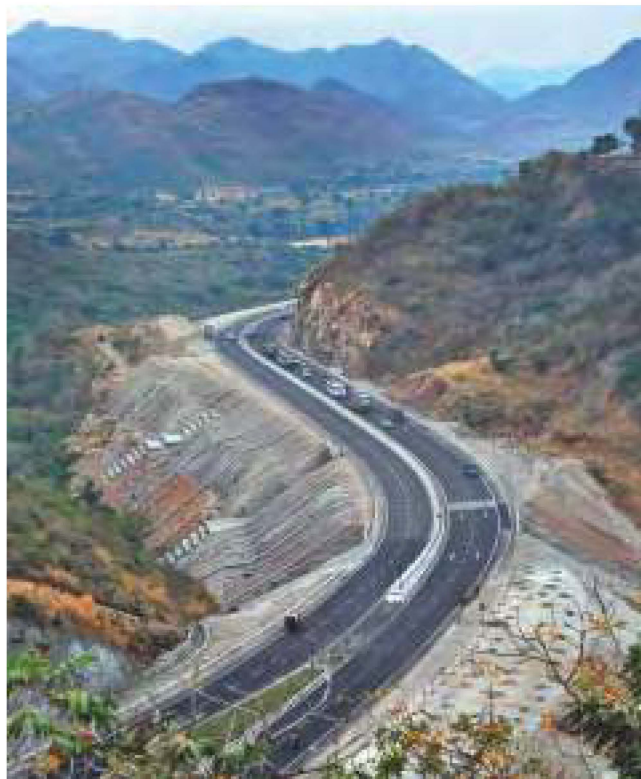
Even though the economy had witnessed twists and turns, the performance of Sadbhav has been encouraging, upholding that the vision and corporate strategies we have adopted are in line with the larger picture we have visualised for the future of the Company. As on March 31, 2020, your Company has a balanced order book of ₹ 8,371.90 crores with order book to sales ratio stands at 3.73 x FY20. Income from operations for the full year stood at ₹ 2,252 crores. EBITDA

for the full year stood at ₹ 279 crores. PBT for the full year stood at ₹ 110 crores and PAT for the full year stood at ₹ 85 crores. EBITDA margin for the full year remains at 12.41%.

Your Company has been performing steadily by virtue of synergy created between the contemporary knowledge, energetic workforce and rich insightful experience of 32 years. Your Company has steadily posted CAGR of ~16% and ~15% in net revenue and net profits respectively over last 13 years. Your Company has market cap of ₹ 464.96 crores and net worth of ₹ 2103.98 crores as on March 31, 2020.

The Government has allocated ₹ 91,823 crore to the Ministry of Road Transport and Highways under the Union Budget 2020-21. The Government plans to invest ₹ 15 lakh crores in the next five years. Highway construction in India increased at 21.44 per cent CAGR between FY16-FY19. In FY19, 10,855 km of highways were constructed, and the Government has set a target for constructing 12,000 km of national highways in FY20. In March 2020, NHAI (National Highways Authority of India) accomplished the highest ever highway construction of 3,979 kms. Pradhan Mantri Gram Sadak Yojana (PMGSY) has brought many socio-economic gains in the rural areas. In Union Budget 2020-21, the Government has allocated ₹ 19,500 crores under Pradhan Mantri Gram Sadak Yojana (PMGSY). As per the Union Budget for FY20, 30,000 km of PMGSY roads were to be built using green technology, waste plastic and cold mix technology, thereby reducing carbon footprint. The Government has approved the launch of phase-III of PMGSY at an estimated cost of ₹ 80,250 crore to widen and revamp 1,25,000 kms of road over the next five years. Your Company is resolute to contribute a major share in achieving the national vision of building infrastructure to propel growth.

Corporate strategies and standard operating procedures (SOPs) at Sadbhav Engineering Limited have been designed and aligned keeping in view the compliance with the laws mandating the corporates to follow the policies to protect good environment, fair and ethical labour practices and governance structure. Sadbhav



continuously engages with all its major stakeholders and strives to understand their expectations.

Your Company is a front-runner in the construction industry with its major focus areas of transport, mining and irrigation sectors. India as a country is facing large gap between the infrastructure required for development and existing infrastructure. Your Company is determined to reduce this gap and establish the nation in the club of developed nations. The Company is steadfast in its commitment to materialise the Government's vision and mission like Atmanirbhar Bharat, Make in India, Per Drop More Crop (Pradhanmantri Krishi Sinchai Yojana), connecting the remotest areas of country with all its borders under Bharatmala Project, mining prosperity in terms of minerals and making country energy efficient through clean energy.

As on date, the Company has completed total 46 projects in the transportation sector in which 43 of Highway projects (out of which 11 are EPC projects, 11 BOT projects, 20 Item rate projects, and 1 Annuity project) and 3 are Metro projects. Your Company has constructed roads and

## CAGR 2006-20

### Net Revenue

~16%

### Net Profit

~15%

## Total Order Book



**As on March 2020**  
(₹ 8371.90 crores)

**72%**

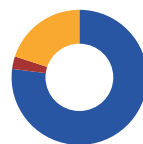
Transportation

**4%**

Irrigation

**24%**

Mining



**As on June 2019**  
(₹ 10,809.68 crores)

**77%**

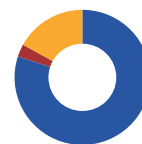
Transportation

**3%**

Irrigation

**20%**

Mining



**As on June 2018**  
(₹ 13,712.65 crores)

**80%**

Transportation

**3%**

Irrigation

**17%**

Mining

highways of over 9,621 lane kms as on date and it has contributed 89% of the total revenue for the year. Sadbhav has mined 562 cubic mt till now, which has generated 7% of the total revenue for the year. Irrigation division of your Company has completed canal work over 812 kms, which has generated 4% of total revenue for the year.

I am glad to share that SEL's subsidiary, SIPL has entered into a share purchase agreement dated July 1, 2019 with inter alia IDBI Trusteeship Services Limited and LTIDPL INDVIT Services Limited. Under this agreement, SIPL has transferred its holding in 8 SPVs namely Bijapur Hungund Tollway Private Limited, Aurangabad Jalna Tollway Limited, Hyderabad Yadgiri Tollway Private Limited, Dhule Palesner Tollway Limited, Nagpur Seoni Expressway Limited, Shreenathji Udaipur Tollway Private Limited, Bhilwara Rajsamand Tollway Private Limited and Mysore Bellary Highway Private Limited (MBHPL), a subsidiary of the Sadbhav Engineering Limited to IndInfravit Trust during the year and the Trust now holds 100% (hundred percent) of the total issued, subscribed and paid-up share capital of the above 8 SPVs, on a fully diluted basis as on date of this report. For

Ahmedabad Ring Road Infrastructure Project Limited (ARRIL), regulatory approvals have been applied for and will be closed when the change in ownership approval is received.

Furthermore, your Company has decided a merger of its subsidiary, Sadbhav Infrastructure Private Limited (SIPL) into Sadbhav Engineering Limited (SEL). The statutory processes are in advance stage and the complete merger process is expected to be accomplished by March 2021. This amalgamation will enable consolidation of the businesses into one combined entity which would lead to simplified corporate structure, productive utilisation of combined resources, economies of scale, reduction in overheads & other expenses, reduced inter-company transactions and reduction in the multiplicity of legal and regulatory compliances. Further, the company expects with this deal that its net worth will increase allowing it to bid for larger projects.

Achieving holistic and sustainable growth is at the helm of the core ethos of Sadbhav Group and your Company strives for equitable growth and fair distribution of wealth among stakeholders. Your Company has been giving

## 2019-2020 Key Figures

### Revenue

₹ 2251.66 crores

### Net Profit

₹ 85.15 crores

### Net Worth

₹ 2103.98 crores

### Revenue by Business



89%

Transportation

4%

Irrigation

7%

Mining

### Order Book by Business

#### Transport Sector

₹ 5982.35 crores

#### Irrigation

₹ 364.16 crores

#### Mining

₹ 2,025.39 crores

employment opportunities to 3423 employees. Company's progressive plans for new projects would further generate more direct as well as indirect employment and business opportunities. Your Company believes to give back what it takes from the communities and surrounding. Hence, Company is proactively working for upliftment of the surrounding communities and provides amenities like community health care, community infrastructure building and need based interventions around project sites on periodic intervals.

Your Company has introduced "Technovation", under which Company has augmented its technologies across all the verticals to benchmark the Company with the best in the world. Your Company implements the best practices and systems like SAP S/4HANA along with innovative and engaging HR practices to motivate and retain talent. Our HR policies are driven by 3 Es - Empowerment, Engagement and Excellence to infuse performance among the team members.

I appreciate and thank all our passionate employees for their contributions, which has

made Sadbhav, a revered name in the construction sector. I am also thankful to all the shareholders, investors, clients, community members, suppliers and government authorities for their support and motivation to us in surpassing our own benchmarks and enabling us to forge ahead to achieve our vision of building tomorrow's infrastructure, today.

Regards,

*sv Patel*

Shashin V. Patel  
Vice Chairman



# Financial Highlights

## Turnover ( ₹ in crores )

2019-20	₹ 2251.66
2018-19	₹ 3,549.23
2017-18	₹ 3505.06
2016-17	₹ 3320.31
2015-16	₹ 3186.25

## Profit After Tax ( ₹ in crores )

2019-20	₹ 85.15
2018-19	₹ 186.85
2017-18	₹ 220.66
2016-17	₹ 187.85
2015-16	₹ 132.61

## Net Worth ( ₹ in crores )

2019-20	₹ 2103.98
2018-19	₹ 2,033.67
2017-18	₹ 1866.79
2016-17	₹ 1660.89
2015-16	₹ 1489.21

( ₹ in crores )

Particulars	2019-2020	2018-2019	2017-2018	2016-17	2015-16
Turnover	2,251.66	3,549.23	3505.06	3320.31	3186.25
Total Income	2,273.88	3,584.90	3520.81	3407.84	3283.26
Earning Before Depreciation, Interest and Tax (EBDIT)	279.45	427.91	415.14	355.61	315.35
Exceptional Items	17.01	0.76	0.00	0.00	(19.45)
Depreciation	108.45	95.76	97.90	100.04	97.07
Interest	194.12	174.92	190.80	153.44	150.73
Profit After Tax	85.16	186.85	220.66	187.85	132.61
Equity Dividend %	0.00	100%	100%	75%	70%
Dividend Payout	0.00	19.66	15.49	14.45	14.45
Equity Share Capital	17.16	17.16	17.16	17.16	17.15
Warrant Application Money	0.00	0.00	0.00	0.00	0.00
Stock Option Premium Outstanding	0.00	0.00	0.00	0.00	0.26
Reserve & Surplus	2086.83	2,016.51	1,849.63	1643.74	1471.79
Net Worth	2103.98	2,033.67	1,866.79	1660.89	1489.21
Gross Fixed Assets	725.13	800.99	730.55	675.85	673.51
Net Fixed Assets	434.12	497.17	02.77	522.88	593.05
Total Assets	4635.83	4,597.72	4,370.64	4020.31	3495.06
Total Debt (Loan Fund)	1267.47	1,612.70	1,499.29	1780.17	1227.57
Earning Per Share (In ₹)	4.96	10.89	12.86	10.95	7.70
Book Value Per Share (In ₹)	122.63	118.53	108.81	96.81	86.82
Weighted No. of Shares	171570800	171570800	171570800	171566644	171531988

### Note:

1. EPS has been calculated on Weighted Avg Shares & Book Value on Actual No. of Shares.
2. Total Income means credit side of P&L statement.
3. EBDIT means PBT + Depreciation + Finance Cost - Other Income - Exceptional Item.
4. Total Debt includes interest accrued but not due.
5. Figure of 2015-16 has been restated as per per Ind AS.

## Notice

NOTICE is hereby given that the Thirty First Annual General Meeting of the shareholders of Sadbhav Engineering Limited will be held on Tuesday, September 29, 2020 at 3.30 P.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

### ORDINARY BUSINESS:

- To receive, consider and adopt:
  - The audited standalone financial statements of the Company for the financial year ended on March 31, 2020, the reports of the Board of Directors and Auditors thereon; and
  - The audited consolidated financial statements of the Company for the financial year ended on March 31, 2020.
- To appoint a Director in place of Mr. Shashin V. Patel (DIN: 00048328) who retires by rotation and being eligible, offers himself for reappointment.
- Appointment of Joint Statutory Auditors:**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof for the time being in force), as may be applicable and pursuant to the recommendation of the Audit Committee and in pursuance to approval of Board of Directors of the Company, M/s. Manubhai & Shah LLP, Chartered Accountants (Firm Registration Number – 106041W/W100136), be and is hereby appointed as the Joint Statutory Auditors of the Company to hold office for the period of Five (5) years from the conclusion of the 31st Annual General Meeting until the conclusion of 36th Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors or KMPs or Audit Committee the Company."

### SPECIAL BUSINESS

- Ratification of Remuneration of Cost Auditor:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Rajendra Patel & Associates, Ahmedabad, Cost Accountant in Practice having Firm Reg. No. 101163 appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2020-21, amounting to ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand Only) per annum respectively plus GST applicable and re-imburement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

- To appoint Dr. Tarang M. Desai as an Independent Director of the Company for the period of Five Years:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Tarang M. Desai (DIN: 00005100), who was appointed as a Non-Executive Independent Director of the Company w.e.f. 14-02-2020 and who holds office up to the conclusion of 36th Annual General Meeting of the Company. and who is eligible for appointment and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and Listing Regulations and who was appointed as an Additional Director pursuant to the Provision of Section 161(1) of the Companies Act, 2013 and the Article of Association of the Company and holds office up to the date of this Annual General Meeting and in respect of his evaluation of performance, the Nomination and Remuneration Committee has recommended his appointment to the Board and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing him candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for 5 (five) consecutive years i.e. from 14-02-2020 to 13-02-2025.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this resolution."



**6. To reappoint Mrs. Purvi S. Parikh as an Independent Director of the Company for a further period of Five Years:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Purvi S. Parikh (DIN: 07071155), who was appointed as a Non-Executive Independent Director of the Company w.e.f. 02-09-2020 and who holds office up to the conclusion of 36th Annual General Meeting of the Company. and who is eligible for reappointment and who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Act and Listing Regulations, and in respect of her evaluation of performance, the Nomination and Remuneration Committee has recommended her re-appointment to the Board and in respect of whom Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for office of Director, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a second term of 5 (five) consecutive years i.e. from 02-09-2020 to 01-09-2025.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this resolution.”

**7. To reappoint Mr. Nitin R. Patel as a Whole-time Director Designated as an Executive Director of the Company for further period of Three Years:**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** on recommendation of Nomination and Remuneration Committee and pursuant to the provisions of sections 196,197 and 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) subject to such approvals as may be necessary, consent of the members be and is hereby given for re-appointment of Mr. Nitin R. Patel [DIN: 00466330] as a Whole-time Director of the Company for further period of three years from July 01, 2020 on the terms and conditions including remuneration as mentioned below:-

**Remuneration:** Up to maximum of ₹ 15,00,000/- per month, with authority to Board or a committee thereof, to fix the salary within the said maximum amount from time to time. The annual increments will be decided by the Board or a Committee thereof and will take in to account the Company’s performance.

**RESOLVED FURTHER THAT** notwithstanding to the above in the event of any loss or inadequacy of profit in any financial year of the Company during the tenure of Mr. Nitin R. Patel as a Whole-time Director Designated as an Executive Director of the Company, the remuneration payable to him shall be in accordance with limit prescribed in section II of Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, may consider necessary, expedient or desirable and to vary, modify the terms and conditions and to settle any question, or doubt that may arise in relation thereto and to decide breakup of the remuneration within the above said maximum permissible limit.”

**8. Issue of Secured/Unsecured Non-Convertible Debentures and/or other Debt Securities on private placement basis:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 42 and 71 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) read with the rules made thereunder, as may be amended from time to time, and pursuant to the provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2018 and other applicable SEBI regulations and guidelines, the provisions of the Memorandum and Articles of Association of the Company, and subject to such other applicable laws, rules and regulations and guidelines, approval of Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by the Resolution) for making offers or invitations to subscribe to Secured/Unsecured/Redeemable Non-Convertible Debentures (“NCDs”) including but not limited to subordinated Debentures, bond, and/or other debt securities etc. on a private placement basis in one or more tranches during the period of one year from the date of passing the Special Resolution by the Members, within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorized to determine the terms of issue including the class of investors to whom NCDs are to be issued, time, securities to be offered, the numbers of NCDs, tranches, issue price, tenor, interest rate, premium/discount, listing and to do all such acts ad things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds /documents /undertakings /agreements /papers/writings, as may be required in this regard.”

**Registered Office:**

“Sadbhav House”, Opp. Law Garden Police Chowki,  
Ellisbridge, Ahmedabad - 380006

Place : Ahmedabad  
Date : September 02, 2020

By Order of the Board of Directors  
**For Sadbhav Engineering Limited**

**Tushar Shah**  
Company Secretary  
Membership No. F7216

## NOTES:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) through VC/OAVM is annexed hereto.
3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment / reappointment at this AGM is annexed.
4. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer /RTA by email through its registered email address to [nilesh.dalwadi@linkintime.co.in](mailto:nilesh.dalwadi@linkintime.co.in) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
6. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the AGM. The process of remote e-voting with necessary user id and password is given in the subsequent paragraphs. Such remote e-voting facility is in addition to voting that will take place at the 31st AGM being held through VC/OAVM.
7. Members joining the meeting through VC/OAVM, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC/OAVM but shall not be entitled to cast their vote again.
8. In line with the MCA Circulars, the notice of the 31st AGM along with the Annual Report 2019-20 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice and Annual Report 2019-20 will also be available on the Company's website at <https://www.sadbhaveng.com/investors/#annual-reports> websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL at [www.cdslindia.com](http://www.cdslindia.com).
9. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, [nilesh.dalwadi@linkintime.co.in](mailto:nilesh.dalwadi@linkintime.co.in).  
  
Members may note that pursuant to the General Circular No. 20/2020 dated May 5, 2020 issued by the MCA, the Company has enabled a process for the limited purpose of receiving the Company's annual report and notice for the Annual General Meeting (including remote e-voting instructions) electronically.
10. Company has uploaded the data regarding unpaid and unclaimed dividends amount lying with the Company on the website of the Company as well as on the website of the Ministry of Corporate Affairs. Investors are therefore requested to verify the data and lodge their claims of unpaid dividend, if any.
11. Relevant documents referred to in the accompanying Notice and Explanatory Statement are open for inspection by the members in electronic mode.
12. The Register of Members and Share Transfer Books will be closed from Wednesday, September 23, 2020 to Tuesday, September 29, 2020 (both days inclusive).
13. In Case of Physical shares, Members can avail the nomination facility by filing Form No. SH-13, as prescribed under Section 72 of the Companies Act, 2013 and rule 19 (1) of the Companies (Share Capital and debentures) Rules 2014 with the Company. Blank forms will be provided on request.
14. Pursuant to the erstwhile provisions of Section 124 (6) of the Companies Act, 2013, dividend for the financial year ended as on 31st March, 2013 and thereafter, which remains unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, pursuant to Section 125 of the Companies Act, 2013.

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Dividend
31-03-2013	30-09-2013	05-11-2020
31-03-2014	26-09-2014	01-11-2021
31-03-2015	29-09-2015	04-11-2022
31-03-2016	28-09-2016	03-11-2023
31-03-2017	26-09-2017	01-11-2024
31-03-2018	27-09-2018	02-11-2025
31-03-2019	25-09-2019	31-10-2026

According to the provisions of the Act, shareholders are requested to note that no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that they first became due for payment and no payment shall be made in respect of such claims.

15. Members holding the shares in physical mode are requested to notify immediately the change of their address and bank particulars to the R & T Agent of the Company. In case, shares held in dematerialized form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.
16. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company or Company's R & T Agent for assistance in this regard.
17. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
18. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
19. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
20. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.sadbhaveng.com](http://www.sadbhaveng.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins on Saturday, September 26, 2020 @9.00 a.m. and ends on Monday, September 28, 2020 @ 5.00 p.m.. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 22, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.

- (v) Now enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- OR
- Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip / communicated by mail indicated in the PAN field.</li> </ul>
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	<ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN (200902088) for SADBHAV Engineering Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL - 16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a SPEAKER by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [investor@sadbhav.co.in](mailto:investor@sadbhav.co.in). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**XX) Note for Non – Individual Shareholders and Custodians:**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investor@sadbhav.co.in](mailto:investor@sadbhav.co.in) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**Other Instructions:**

- I. The e-voting period commences on Saturday, September 26, 2020 @9.00 a.m. and ends on Monday, September 28, 2020 @ 5.00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date i.e. Tuesday, September 22, 2020, may cast their vote through e-voting. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- II. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Tuesday, September 22, 2020.
- III. Mr. Ravi Kapoor, Practicing Company Secretary, Proprietor of M/s. Ravi Kapoor & Associates (Membership No. FCS 2587), has been appointed as the Scrutinizer to scrutinize the Ballot and e-voting process in a fair and transparent manner.
- IV. The Scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote-e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days from the conclusion of the meeting a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, forthwith to the Vice Chairman or any of the Director or CEO or Company Secretary of the Company.

The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.sadbhaveng.com](http://www.sadbhaveng.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) within forty eight hours of the passing of the resolutions at the 31st AGM of the Company to be held on Tuesday, September 29, 2020 and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

**Details of Directors Seeking Appointment/Reappointments at the Annual General Meeting  
(Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and further, the Secretarial Standard on General  
Meetings issued by the Institute of Company Secretaries of India)**

<b>Director</b>	Mr. Shashin V. Patel	Mr. Nitin R. Patel	Mrs. Purvi S. Parikh	Dr. Tarang M. Desai
<b>Date of Birth</b>	April 02, 1981	August 04, 1968	January 11, 1982	July 24, 1958
<b>Age</b>	39 Years	52 Years	38 Years	60 Years
<b>Date of Appointment</b>	May 23, 2000	August 01, 1999	February 12, 2015	February 14, 2020
<b>Functional Expertise</b>	In field of Management Information System, Project bidding and execution	Looking after in the field of finance, accounts, audit, taxation, project bidding, execution and cost analysis.	Finance and Accounts, management audit assurance in diverse industries.	In filed of Practicing as Consultant Physician and knowledge in administration and Management.
<b>Qualifications</b>	MBA	B. Com. A.C.A	B. Com, FCA. CISA (USA)	Doctor of Medicine (M.D.)
<b>Experience</b>	More than 18 Years	More than 21 Years	More than 12 years	More than 32 years
<b>Terms of Appointment</b>	N.A.	Three years from July 01, 2020	Five years from September 02, 2020	Five years from February 14, 2020
<b>Details of remuneration paid/ last drawn</b>	₹ 300.00 Lakhs (2019-2020)	₹ 84.00 Lakhs (2019-2020)	N.A.	N.A.
<b>Disclosure of relationships between directors inter-se</b>	None	None	None	None
<b>Directorship in other Companies</b>	<ul style="list-style-type: none"> <li>Sadbhav Infrastructure Project Limited</li> <li>Sadbhav Nainital Highway Private Limited</li> <li>Sadbhav Bhavnagar Highway Private Limited</li> <li>Sadbhav Una Highway Private Limited</li> <li>Sadbhav Jodhpur Ring Road Private Limited</li> <li>Sadbhav Quarry Works Private Limited</li> <li>Sadbhav Finstock Private Limited</li> <li>Sadbhav Realty Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>Sadbhav Infrastructure Project Limited</li> <li>Maharashtra Border Check Post Network Limited</li> <li>Sadbhav Nainital Highway Private Limited</li> <li>Ennar Infra Solution-LLP</li> <li>Sadbhav Hybrid Annuity Project Limited</li> <li>Sadbhav Jodhpur Ring Road Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>Sadbhav Bangalore Highway Private Limited</li> <li>Aurangabad-Jalna Toll Way Limited</li> <li>Dhule Palesner Tollway Limited</li> <li>Sadbhav Vidarbha Highway Private Limited</li> <li>Nagpur-Seoni Expressway Limited</li> <li>Beawar Pali Pindwara Tollway Limited</li> <li>Devihalli Hassan Tollway Limited</li> </ul>	<ul style="list-style-type: none"> <li>Ganesh Housing Corporation Limited</li> <li>Gatil Properties Private Limited</li> </ul>
<b>Chairman/ Member of Committee in other Companies</b>	-	<ul style="list-style-type: none"> <li>Sadbhav Infrastructure Project Limited</li> <li>Maharashtra Border Check Post Network Limited</li> </ul>	<ul style="list-style-type: none"> <li>Aurangabad-Jalna Toll Way Limited</li> <li>Dhule Palesner Tollway Limited</li> <li>Nagpur-Seoni Expressway Limited</li> <li>Beawar Pali Pindwara Tollway Limited</li> <li>Devihalli Hassan Tollway Limited</li> </ul>	<ul style="list-style-type: none"> <li>Ganesh Housing Corporation Limited</li> </ul>
<b>No. of Equity Shares held in the Company</b>	55,72,199	101	Nil	Nil
<b>No. of Meetings of the Board attended during the year</b>	8	6	8	0

**Note:** \* Only Audit Committee and the Stakeholders' Relationship Committee Companies have been considered for committee position.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013

### Item No. 3

It is proposed to consider appointment of M/s. Manubhai & Shah LLP, Chartered Accountants (Firm Registration Number – 106041W/W100136) as the Joint Statutory Auditor in addition to the present Statutory Auditors M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants (Firm Registration Number - 102511W/W100298). As per provisions of section 139 of the Companies Act, 2013 and rules made thereunder enables such appointment, subject to approval of members.

The Company is in the process of Merger of Sadbhav Infrastructure Project Limited (“Subsidiary Company”) with the Company and looking to the widen scope of service, audit, certification and increased the statutory requirements and experience of the firm in Merger and Amalgamation activities, your Directors propose to appoint M/s. Manubhai & Shah LLP, Chartered Accountants (Firm Registration Number – 106041W/W100136) as Joint Statutory Auditors of the Company, to hold office for the period of Five (5) years from the conclusion of 31st Annual General Meeting until the conclusion of 36th Annual General Meeting.

The fees / remuneration of the Joint Statutory Auditor shall be ₹ 22.50 Lakhs for the financial year basis for statutory audit, issue of audit reports, issue of limited review reports and service relating thereto, audit of internal financial control relating financial reporting and reports to be issued as a statutory auditor. Aforesaid audits and reports includes for standalone and consolidated financial statements. In case the Auditor ceased as auditor due to whatsoever reason, before completing audit or non-issue of audit report or limited review for relevant financial year / quarter, the fees shall be as may be determined by the Board of Directors of the Company. In case the Auditor resign or ceased as such, it shall complete audit / limited review and issue report as per the SEBI (LODR) Regulations, 2015 and circulars issued by SEBI in this respect. It is proposed to authorize the Board to vary the fees as per requirement of the Company.

M/s. Manubhai & Shah LLP, Chartered Accountants, has confirmed their eligibility under Section 141 of the Companies Act, 2013 and the rules framed there under for appointment as Joint Statutory Auditors of the Company. Further, Joint Statutory Auditors confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as required under the Listing Regulations.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the Shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested, financial or otherwise, in the said Resolution.

### Item No. 4

The Board of Directors of the Company in pursuance to the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Rajendra Patel & Associates, Ahmedabad, Cost Accountant in Practice (Firm Reg. No. 101163), to conduct the audit of the cost records of the Company for the financial year ended on March 31, 2021.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditors for audit of cost records of the Company for the financial year 2020-21 as set out in the resolution for the aforesaid services to be rendered by them.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Shareholders.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, either financially or otherwise, in the said resolution.

### Item No. 5

Regulation 16(1) (b) and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 stipulating the conditions for the appointment of Independent Directors by a listed Company. The Board of Directors on recommendation of Nomination and Remuneration Committee of the Company and subject to approval of Shareholders, has appointed Dr. Tarang M. Desai as an Independent Director to hold office for 5 (five) consecutive years for a term up to the conclusion of 36th Annual General Meeting of the Company stipulating conditions for the appointment of Independent Director by a Listed Company.

Hence, it is proposed to appoint Dr. Tarang M. Desai as an Independent Director under Section 149 of Companies Act, 2013 and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to hold office for 5 (five) consecutive years for a term up to 13th February, 2025.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a Company and he shall not be included in the total number of directors for retirement by rotation.

Dr. Tarang M. Desai has given consent to act as an Independent Director and provided a declaration that he meets the criteria for independence as provided in section 149(6) of the Act. The said director is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013.

The details and brief resume of Dr. Tarang M. Desai have been given as part of the Notice.

Except Dr. Tarang M. Desai, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

The Board recommends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval by the Shareholders.



**Item No. 6**

Mrs. Purvi S. Parikh is an Independent Director of the Company. She has joined the Board of Directors of the Company on February 12, 2015.

Regulation 16(1) (b) and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 stipulating the conditions for the appointment of Independent Directors by a listed Company.

On expiring of her first term as an Independent Director, the Board of Directors on recommendation of Nomination and Remuneration Committee of the Company and subject to approval of Shareholders, has reappointed Mrs. Purvi S. Parikh as an Independent Director to hold office for further 5 (five) consecutive years for a second term up to the conclusion of 36th Annual General Meeting of the Company, stipulating conditions for the appointment of Independent Director by a Listed Company.

Hence, it is proposed to reappoint Mrs. Purvi S. Parikh as an Independent Director under Section 149 of Companies Act, 2013 and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to hold office for a further period of 5 (five) consecutive years from September 02, 2020 to September 01, 2025.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a Company and she shall not be included in the total number of directors for retirement by rotation.

Mrs. Purvi S. Parikh has given consent to act as an Independent Director and provided a declaration that she meets the criteria for independence as provided in section 149(6) of the Act. The said director is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013.

The details and brief resumes of Mrs. Purvi S. Parikh have been given as part of the Notice.

Copy of the draft letter for appointment of Mrs. Purvi S. Parikh as an Independent Director setting out the terms and conditions is available for inspection by members through electronic mode.

Except, Mrs. Purvi S. Parikh, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

The Board recommends the Special Resolution as set out at Item No. 6 of the Notice for approval by the shareholders.

**Item No. 7**

It was informed that the Shareholders of the Company at its meeting held on 26.09.2017 approved the appointment of Mr. Nitin R. Patel as Whole-time Director of the Company for period of three years from 01.07.2017 till 30.06.2020 on terms and conditions including remuneration set out in the resolution passed.

It was further stated that Mr. Nitin R. Patel is a Chartered Accountant and has experience in the field of finance, accounts, audit, taxation, project bidding and execution and cost analysis. He is looking after the entire corporate affairs of the Company. He also plays an important role in policy implementation and liaising with banks and financial institutions for obtaining funds. Taking in to consideration his involvement, responsibility and contribution, his appointment would be immensely benefited for the operation of Company.

Hence, looking at his contribution and on recommendation of Nomination & Remuneration Committee, it is proposed to reappoint Mr. Nitin R. Patel as Whole-time Director of the Company for further period of 3 years w.e.f. 01.07.2020.

Except, Mr. Nitin R. Patel, being the appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, either financially or otherwise, in the said resolution.

The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

A Statement containing the following information as per section II of Part II of Schedule V of the Companies Act, 2013.

1.	Nature of Industry	Infrastructure development and construction Company primarily focusing on roads, irrigation and mining operations.
2.	Date or expected date of commencement of commercial production	The Company is already in existence and it started its activities since 1988.
3.	In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.

4.	Financial Performance based on given indicators	Financial Parameters	Financial Year (₹ in Crores)													
			2018-19	2017-18	2016-17											
		Total Revenue	3649.53	3594.89	3407.84											
		Net Profit/(Loss)	186.85	220.65	187.85											
		Amount of Equity Dividend paid	10.89	12.86	10.95											
		Rate of Equity Dividend Declared	100%	100%	75%											
5.	Foreign Investments or collaborations, if any.	<ul style="list-style-type: none"> <li>The Company has no foreign collaborations as on 31/03/2020</li> <li>Foreign Investment in the term of shareholding in the Company of the following as on 31/03/2020 are as under:</li> </ul> <table border="1"> <thead> <tr> <th>Particular</th> <th>No. of Equity Shares</th> <th>% of share capital</th> </tr> </thead> <tbody> <tr> <td>FPI (Corporate)</td> <td>18979715</td> <td>11.39</td> </tr> <tr> <td>NRI</td> <td>164641</td> <td>0.10</td> </tr> <tr> <td>NRI (Non Repatriable)</td> <td>398785</td> <td>0.23</td> </tr> </tbody> </table>			Particular	No. of Equity Shares	% of share capital	FPI (Corporate)	18979715	11.39	NRI	164641	0.10	NRI (Non Repatriable)	398785	0.23
Particular	No. of Equity Shares	% of share capital														
FPI (Corporate)	18979715	11.39														
NRI	164641	0.10														
NRI (Non Repatriable)	398785	0.23														

## II. Information about the appointees:

Sr. No.	Particulars	Mr. Nitin R. Patel
1.	Background details	Mr. Nitin R. Patel is Chartered Accountant and has experience in the field of finance, accounts, audit, taxation, project bidding and execution and cost analysis. He is looking after the entire corporate affairs of the Company. He also plays an important role in policy implementation and liaising with banks and financial institutions for obtaining funds.
2.	Past Remuneration	At present the actual drawing is ₹7,00,000/- p.m.
3.	Recognition or awards	None
4.	Job profile and his suitability	He is having more than 21 years' experience and looking after in the field of finance, accounts, audit, taxation, project bidding and execution and cost analysis.
5.	Remuneration Proposed	Salary up to Maximum ₹ 15,00,000/- p.m. and such other terms approved in Annual General Meeting held on September 26, 2017.
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The prevalent levels of remuneration in infrastructure industry are higher. Taking into consideration his involvement, responsibility and contribution being made by Mr. Nitin R. Patel, the proposed remuneration is reasonable and in line with the remuneration levels in the industry across the Country.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Company has entered into agreement with ENNAR INFRA SOLUTIONS LLP, in which Mr. Nitin R. Patel is a designated partner.

## III. Other Information:

Reason of loss or inadequate profits	At present there is substantial profit but this resolution is being taken to accommodate the payment of remuneration in future in circumstances of inadequate profit or loss which may occur on account of unforeseen or abnormal reasons.
Steps taken or proposed to be taken for improvement	N.A.
Expected increase in productivity and profits in measurable terms.	N.A.

### Item No. 8

Pursuant to the provisions of Sections 42 and 71 of Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2018, the Company offering or making an invitation to subscribe to Non-Convertible Debentures ("NCDs") is required to obtain the prior approval of the Members of the Company by way of a Special Resolution.

Keeping in view the requirements of funds for the Company's business operations and the limited availability of funds through bank loans, the Company seeks the approval of the Members to enable the Board of Directors to raise resources through issue of NCDs during the period of one year from the date of passing of the Special Resolution by the members, within the overall borrowing limits of the Company, as may be approved by the Members from time to time on a private placement basis in one or more tranches.

Further, the Board of Directors of the Company (the "Board") or any Committee duly constituted by the Board or such other authority as may be approved by the Board, shall be authorized to determine the terms of the issue, including the class of investors to whom the debentures are to be allotted, the number of debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of debenture holders, listing, issuing any declaration/undertaking etc. required to be included in the Private Placement Offer documents and to do and execute all such acts, deeds and things under any other regulatory requirement for the time being in force.

Though this resolution does not require members approval pursuant to Notification of Ministry of Corporate Affairs dated 7th August, 2018, Company has taken the same as a good Corporate Governance Measure.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, either financially or otherwise, in the resolution.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

**Registered Office:**

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

Place : Ahmedabad  
Date : September 02, 2020

By Order of the Board of Directors  
**For Sadbhav Engineering Limited**

**Tushar Shah**  
Company Secretary  
Membership No. F7216

# Directors' Report

To,  
The Members,

The Directors have the pleasure in presenting the Thirty First Annual Report together with the audited financial statement for the year ended March 31, 2020.

## Financial Results

The Company's financial performance for the Year ended on March 31, 2020 is summarized below:

(₹ in Crores)

Particulars	Standalone		Consolidated	
	Current Year 2019-2020	Previous Year 2018-2019	Current Year 2019-2020	Previous Year 2018-2019
Total Income	2273.88	3649.54	3862.15	5504.62
Profit before Finance Cost, Depreciation & amortization Expense and Tax Expense	395.31	528.21	1517.31	1745.56
Less : Finance Cost	194.12	174.92	1410.83	1328.63
Depreciation and amortization Expense	108.45	95.76	401.18	392.08
Profit /(Loss) before Exceptional Item and Tax	92.74	257.53	(294.70)	24.85
Exceptional Item (Net of expenses)	17.01	0.76	1501.01	54.22
Profit /(Loss) Before Tax	109.75	258.29	1206.34	79.07
Less : Tax Expenses	36.22	71.40	52.35	127.77
Less:-Deferred tax liability /(asset)(Including MAT Credit)	(11.62)	0.04	47.71	5.39
Profit /(Loss) for the period from continuing Operations	85.15	186.85	1106.25	(54.08)
Add:- Share of Loss Transferred to Minority Interest	-	-	313.42	75.20
Net Profit for the period after tax	85.15	186.85	792.83	21.12
Balance brought forward from last year	1148.01	1005.13		(318.26)
Loss of Subsidiary for earlier year transferred (net)				
Other Comprehensive Income (OCI)	3.34	(0.30)	3.37	(0.45)
Amount available for Appropriations	1233.16	1191.98	358.51	(297.14)
<b>Appropriations</b>				
Dividend & Tax paid thereon	18.18	19.66	30.90	40.82
Adjustment on account of acquisition of non controlling interest	0.00	0.00	(0.60)	35.81
Equity Transactions / Share Issue Expenses	0.00	0.00	0.22	0.36
Transfer to Debenture Redemption Reserves	0.00	24.30	-	60.19
<b>Closing Balance in Retain earnings</b>	<b>1214.98</b>	<b>1148.02</b>	<b>327.99</b>	<b>(434.32)</b>

## Dividend:

Your Directors want to retain the profits in to business for future business opportunities therefore not recommended any dividend for the financial year ended on 31st March, 2020.

## Dividend Distribution Policy

The Company has adopted a Dividend Distribution Policy on August 20, 2016, which is available on the website of the Company at the link: [https://www.sadbhaveng.com/wp-content/uploads/2018/02/Dividend\\_Distribution\\_Policy\\_SEL.pdf](https://www.sadbhaveng.com/wp-content/uploads/2018/02/Dividend_Distribution_Policy_SEL.pdf) There has been no change to the policy during the year.

## Business Overview

### Standalone Basis

The total revenue during the year under review was ₹ 2273.88 Crores against ₹ 3649.54 Crores for the previous year. Profit before Finance Cost, Depreciation & amortization Expense and Tax Expense for the current year is ₹ 395.31 Crores (₹ 528.21 Crores in previous year). Net Profit after tax amounted to ₹ 85.15 Crores (₹ 186.85 Crores in previous year) thereby resulting decrease of 54.43%.

### Consolidated Basis

As per the Consolidated Financial Statements, the Total Income of the Company, operating profit (PBDIT), and net Profit for the year were ₹ 3862.15 Crores, ₹ 1,517.31 Crores and ₹ 1106.25 Crores respectively.

### Transfer to Investor Education and Protection Fund

The Company has transferred a sum of ₹ 2.92 lakhs to the Investor Education and Protection fund established by the Central Government during the financial year 2019-20, in compliance with Section 124 of the Companies Act, 2013. The said amount represents unclaimed dividend amount for the financial year 2011-2012 which were lying with the Company for a period of 7 years from their due dates of payment. Prior to transferring the aforesaid sum, the Company has sent reminders to the shareholders for submitting their claims for unclaimed dividend for the financial year 2011-2012.

### Reserves

The Company has not transferred any amount into General Reserve during the period.

### Change in the Nature of Business, if any

There are no changes in the nature of business during the year.

### Material changes and commitments affecting financial position between end of the financial year and date of report

There have been no material changes and commitments affecting financial position between end of the financial year and the date of the report. Information regarding potential impact of COVID-19 pandemic on your Company's business operations and financial position are provided as part of the MD&A Report.

### Impact of Covid-19

The COVID-19 pandemic is rapidly spreading across the world as well as in India and has caused shutdown across the country. The Group has resumed operations in a phased manner in line with the directives of the Government of India. The Group's management has made initial assessment of likely adverse impact on business, and believes that the impact may not be significant over the terms of its contracts. The group has / is in the process of filing of claims for appropriate relief as per the terms of concession agreement with NHAI/Local Authority and has also availed the relief provided by its lenders by way of moratorium on certain principal / interest payment. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the group, as at date of approval of these financial statements has used corroborative information. As on current date, the group has concluded that the impact of Covid-19 is not material based on the evaluations. Due to the nature of the pandemic, the group will continue to monitor developments to identify significant uncertainties in future periods, if any. The management does not see any long term risks in the Group's ability to continue as a going concern and meeting its liabilities as and when they fall due

### Merger of Sadbhav Infrastructure Project Limited ("SIPL") with the Company

In order to improve operational efficiency, the Board of Directors of the Company in its meeting held on October 19, 2019, after considering the recommendations of the Audit Committee, approved the merger of Sadbhav Infrastructure Project Limited with the Company through a Scheme of Amalgamation ("Scheme") under Section 230 to 234 of the Companies Act, 2013 subject to necessary approvals of Shareholders, Creditors, the Registrar of Companies, the Stock Exchanges, Hon'ble National Company Law Tribunal, Securities and Exchange Board of India and/or other competent statutory/regulatory authorities and other third party approvals, as may be applicable. The Company has applied for observation letters on May 18, 2020 to BSE Limited and the National Stock Exchange of India Limited, in terms of Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

### Operations

#### Ongoing Works

The following major works are under execution and the same are progressing satisfactorily.

(₹ in crores)

Sector	No. of projects	Work order	Work done	Work on hand
Transportation	21	12754.15	6771.80	5982.35
Irrigation	11	1867.29	1503.13	364.16
Mining Operation	9	2818.88	793.49	2025.39
<b>Total</b>	<b>41</b>	<b>17440.30</b>	<b>9068.40</b>	<b>8371.90</b>

The Company's order book (pending execution) shows work on hand amounting to ₹ 8371.90 crores as on the March 31, 2020

**BOT Projects under Implementation**

Name of the Company	Details of Project	Cost of the Project (₹ in crores)	Status as on March 31, 2020 Cost incurred (including price escalation and excluding GST) (₹ in crores)	% Shareholding (Ownership)	
				SEL	SIPL
Sadbhav Rudrapur Highway Pvt. Ltd. (SRHPL)	Four Laning of Rampur-Kathgodam section of NH-87 (New NH No. 9) from km 0.000 (km190.000 of NH-24) to km 42.791 (design chainage 43.446) [Package-I] in the State of Uttar Pradesh under NHDP-III on Hybrid Annuity Mode.	738.00	585.50	-	100
Sadbhav Nainital Highway Pvt. Ltd.(SNHPL)	Four Laning of Rampur-Kathgodam section of NH-87 (New NH No. 9, 109) from km 42.791 (design chainage 43.446) to km 88.000 (design chainage 93.226) [Package-II] in the State of Uttarakhand under NHDP-III on Hybrid Annuity Mode.	560.10*	329.09	-	100
Sadbhav UNA Highway Pvt. Ltd. (SUHPL)	Four Laning of Una to Kodinar of NH-8E from Km. 180.478 to Km. 221.610 (Design Chainage from Km. 181.450 to Km. 222.400) (Package-V) in the State of Gujarat on Hybrid Annuity Mode under NHDP Phase IV.	623.00	385.88	-	100
Sadbhav Bhavnagar Highway Pvt. Ltd. (SBHPL)	Four Laning of Bhavnagar-Talaja Section of NH-8E from km. 7.090 to km. 53.585 (Design Ch from km. 6.945 to km. 54.990) (Package-I) in the State of Gujarat on Hybrid Annuity Mode under NHDP Phase-IV.	819.00	618.78	-	100
Sadbhav Bangalore Highway Pvt. Ltd. (SBHPL)	Two/Four Laning of BRT Tiger Reserve Boundary to Bangalore Section of NH-209 (Existing Chainage from 287.520 to 461.550) in the State of Karnataka to be executed on BOT (Hybrid Annuity) basis under NHDP Phase-IV.	1008.00	924.97	-	100
Sadbhav Udaipur Highway Pvt. Ltd. (SUHPL)	Six lane of Greenfield proposed Udaipur Bypass [Connection between NH-76 at existing Km 118+500 at Debrri to NH-8 Km 287+400 at Kaya Village (Udaipur bypass length 23.883)] on Hybrid Annuity Mode, Package-IV under NHDP phase V in the State of Rajasthan.	891.00	728.61	-	100
Sadbhav Vidarbha Highway Pvt. Ltd. (SVHPL)	Four laning of Waranga to Mahagaon section of NH-361 from km 253.000 to km 320.580 (Package-I) (Design Length 66.880 Km) in the state of Maharashtra under NHDP Phase-IV on Hybrid Annuity Mode.	1071.00	657.74	-	100
Sadbhav Jodhpur Ring Road Pvt. Ltd. (SJRPL)	Four Laning of Dangiywas (km 96.595 of NH-112) to Jajiwai (km 283.500 of NH-65 Nagaur Road) section Package-I (Design length 74.619 km) of Jodhpur Ring Road (In Principally declared NH) in the State of Rajasthan under NHDP Phase-VII.	1106.00	213.83	-	100
Sadbhav Kim Expressway Pvt. Ltd. (SKEPL)	Construction of Eight lane Vadodara Kim Expressway from Km 254.430 to Km 279.000 (Kim to Ankleshwar Section of Vadodara Mumbai Expressway) in the State of Gujarat under NHDP Phase- VI (Phase IA- Package V) on Hybrid Annuity Mode.	1404.00	57.36	-	100
Sadbhav Gadag Highway Pvt. Ltd. (SGHPL)	Construction of Two Laning with paved shoulder of Gadag to Honnali (Km 105.500 to Km 205.290 of SH 57 and Km 215.335 to Km 253.713 of SH 26), 138.2 km in the State of Karnataka under KSHIP3-ADB 11-CW-ITB-Package 3 on Hybrid Annuity Mode.	995.00	-	100	-

\*Revise bid cost after de-scope of the work.

In case of three subsidiaries viz., Sadbhav Tumkur Highway Private Limited, Sadbhav Bhimasar Bhuj Highway Private Limited and Sadbhav Vizag Expressway Private Limited, concession agreements with NHAI ceased to exist anymore and is treated as terminated with mutual consent

**BOT Projects Partial Implementation:**

Name of the Company	Details of Project	Cost of the Project (₹ in crores)	Status as on March 31, 2020 Cost incurred (Including Mobilisation and Material Advances) (₹ in crores)	% Shareholding (Ownership)	
				SEL	SIPL
Maharashtra Border Check Post Network Ltd. (MBCPL)	Modernization and computerization of integrated border check posts at 22(Twenty Two) locations in the State of Maharashtra on Build Operate and Transfer (BOT) Basis. The project is in joint venture between Company & its associates, SREI Infrastructure Finance Limited and SREI Sahaj e-village Limited	1426.37	1663.91	^0.37	99.63

**SEL: Sadbhav Engineering Limited**

**SIPL: Sadbhav Infrastructure Project Limited**

**Revenue Generating BOT Project:**

Name of the Company	Details of Project	Cost of the Project (₹ in crores)	Toll Revenue of the F.Y. 2019-20 (₹ in crores)	% Shareholding (Ownership)	
				SEL	SIPL
Ahmedabad Ring Road Infrastructure Ltd. (ARRIL)	Improvement & Widening to Four Laning of the then 2 Lane Sardar Patel Ring Road Around Ahmedabad City on BOT basis.	500.80	102.80	-	100
Maharashtra Border Check Post Network Ltd. (MBCPL)	Modernization and computerization of integrated border check posts at 22 (Twenty Two) locations in the State of Maharashtra on Build Operate and Transfer (BOT) Basis. Toll collection has been started in 13 out of 22 Check Posts.	1426.37	216.83	^0.37	99.63
Rohtak-Panipat Tollway Pvt. Ltd. (RPTPL)	Four laning of Rohtak to Panipat Section of NH-71A from k.m. 0.000 km 63.30 of NH-10 to km 80.858 km 83.50 of NH-1 in the state of Haryana (80.85 Kms) on BOT basis under NHDP phase-III	1240.10	86.77	-	100
Rohtak-Hissar Tollway Pvt. Ltd. (RHTPL)	The project consists of "4 - Laning of Rohtak to Hissar Section of NH-10 from Km 87.000 to km 170.000 including connecting link from km 87.000 (NH-10) to km 348.000 (NH-71) to be executed as BOT (Toll) project on DBFOT pattern under NHDP Phase III in the state of Haryana (Length 98.810 Km).	1270.96	71.51		100

^ Held by third party by virtue of agreement to be transferred to SIPL.

## Share Capital

During the year, there was no change in total equity share capital of ₹ 17,15,70,800/- (Face Value of Re. 1/- each).

## Debentures

The Company had earlier raised an amount of ₹ 388 Crores by way of issue of Non-Convertible Debentures on private placement basis. The said Non-Convertible Debentures are listed on the BSE Ltd. During the year 2019-2020, the Company has redeemed ₹ 48.00 Crores of Non-Convertible Debentures (NCDs) on 27-11-2019 and ₹ 190.00 Crores of Non-Convertible Debentures (NCDs) on 13-03-2020. The aggregate Non-Convertible Debentures Outstanding amounts to ₹ 150 crores as on 31st March, 2020.

## Credit Rating

Rating agency Credit Analysis & Research Ltd. (CARE) has assigned CARE A2+ (A Two Plus) to Short Term Facilities / Commercial Papers and CARE A- (A Minus) to additional Long-term facilities and Non-Convertible Debentures.

## Subsidiaries, Joint Ventures and Associates Companies

During the year, the following Companies has become/ceased to be company's subsidiaries, joint ventures or associate company.

Sr. No.	Name of the Subsidiary/ Joint ventures/associate Company	Period of becoming company's subsidiaries, joint ventures or associate company.	Period of ceasing to company's subsidiaries, joint ventures or associate company.	Remarks, if any
1	Aurangabad-Jalna Tollway Limited (AJTWL)	-	06-03-2020	Due to Asset Sale.
2	Bijapur-Hungund Tollway Private Ltd. (BHTPL)	-	13-02-2020	Due to Asset Sale.
3	Bhilwara- Rajsamand Tollway Pvt. Ltd. (BRTPL)	-	14-02-2020	Due to Asset Sale.
4	Hyderabad-Yadgiri Tollway Private Ltd. (HYTPL)	-	13-02-2020	Due to Asset Sale.
5	Shreenathji- Udaipur Tollway Private Limited (SUTPL)	-	14-02-2020	Due to Asset Sale.
6	Nagpur-Seoni Expressway Ltd. (NSEL)	-	13-02-2020	Due to Asset Sale.
7	Dhule-Palesner Tollway Ltd. (DPTL)	-	14-02-2020	Due to Asset Sale.
8	Mysore-Bellary Highway Private Limited	-	18-03-2020	Due to Asset Sale.

During the year under review, Sadbhav Infrastructure Project Limited (SIPL) a subsidiary of Sadbhav Engineering Limited has entered into a share purchase agreement dated July 1, 2019 with inter alia IDBI Trusteeship Services Limited and LTIDPL INDVIT Services Limited, acting in their capacities as the trustee and investment manager of IndInfravit Trust, an irrevocable trust set-up under the relevant provisions of the Indian Trusts Act, 1882, and registered with the Securities and Exchange Board of India as an infrastructure investment trust under the relevant provisions of the InvIT Regulations (the "Trust"), respectively, and the Company (the "SIPL SPA"). In terms of the SIPL SPA, subject to the terms and conditions therein, and that upon achievement of closing under the SIPL SPA, SIPL has transferred its entire holding in the above 8 SPVs namely Bijapur Hungund Tollway Private Limited, Aurangabad Jalna Tollway Limited, Hyderabad Yadgiri Tollway Private Limited, Dhule Palesner Tollway Limited, Nagpur Seoni Expressway Limited, Shreenathji Udaipur Tollway Private Limited, Bhilwara Rajsamand Tollway Private Limited and Mysore Bellary Highway Private Limited (MBHPL), a subsidiary of the Sadbhav Engineering Limited to IndInfravit Trust during the year and the Trust now holds 100% (hundred percent) of the total issued, subscribed and paid-up share capital of the above 8 SPVs, on a fully diluted basis as on date of this report.



For Ahmedabad Ring Road Infrastructure Project Limited (ARRIL), regulatory approvals have been applied for and will be closed when the change in ownership approval is received.

The Company has raised its stake in Sadbhav Infrastructure Project Limited ("Subsidiary Company") from 24,32,13,577 equity shares (69.05%) to 24,55,16,990 equity shares (69.70%).

Pursuant to Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014 the report on performance and financial position of subsidiaries, associates and joint venture companies is attached as Annexure in Form AOC- 1 prepared under section 129(3) of the Companies Act, 2013 to the consolidated Financial Statements of the Company which forms part of this report.

### **Consolidated Financial Statements**

In compliance with the applicable provisions of Companies Act, 2013 including the Indian Accounting Standard (Ind AS)-33 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2019-20.

### **Board of Directors and Key Managerial Personnel**

#### **Retirement by Rotation**

Mr. Shashin V. Patel, is the director liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment. The directors recommend his reappointment.

#### **Criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013**

The terms and conditions of appointment of Independent Directors are in accordance with the applicable Regulations of the SEBI (Listing Obligations and Disclosure Regulations) Regulations, 2015 and also as per the provisions of the Companies Act, 2013 (Act) read with Schedule IV to the Act.

Your Company has received declaration from all the independent Directors of the Company as required under Sec. 149(7) confirming that they meet with the criteria of independence provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

#### **Appointment of Directors**

The Board, on recommendation of Nomination & Remuneration Committee and subject to approval of members in ensuing Annual General Meeting, appointed/reappointed the followings:

1. To reappoint Mr. Nitin R. Patel as a Whole-time Director Designated as an Executive Director of the Company for further period of Three Years.
2. To reappoint Mrs. Purvi S. Parikh as an Independent Director of the Company for a second term of 5 (five) consecutive years for a term up to the conclusion of the 36th Annual General Meeting of the Company in the calendar year 2025
3. Pursuant to the provision of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Tarang M. Desai (DIN No. 00005100). was appointed as Additional Director designated as an Independent Director and he shall hold office upto the date of ensuing Annual General Meeting. The Board recommend his appointment in the ensuing Annual General Meeting.

#### **Change in Directors and KMPs**

Mr. Mirat N. Bhadlawala, Independent Director resigned from the Company on January 05, 2020. Appointment of Dr. Tarang M. Desai, as Additional Director of the Company w.e.f. February 14, 2020. During the year 2019-20, there was no change in KMPs.

During the year 2020-21 and upto the approval of Director's Report following changes made in Directors and KMPs.

1. Resignation of Mr. Shashin V. Patel from the post of Chairman and Managing Director w.e.f. 25-04-2020 and appointed as a Vice-Chairman in the category of Non-Executive Director in the Company.
2. Resignation of Mr. Vasistha C. Patel from the post of Whole-time Director & Director (Non-Independent Director) w.e.f. 24-04-2020.
3. Appointment of Mr. Vasistha C. Patel as a Chief Executive Officer (CEO) in the category of Senior Management Personnel/Key Managerial Personnel w.e.f. 25-04-2020.
4. Resignation of Mr. Vikram R. Patel from the post of Whole-time Director & Director (Non-Independent Director) w.e.f. 24-04-2020.
5. Resignation of Mr. Vipul H. Patel from the post of Whole-time Director & Director (Non-Independent Director) w.e.f. 24-04-2020.

## Evaluation of Board Performance

In compliance to the provisions of the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015 the annual performance evaluation of Board and its Committee was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

## Audit Committee

The Audit Committee comprises Directors namely Mr. Sandip V. Patel (Chairman), Mr. Nitin R. Patel, Mr. Arun S. Patel and Mrs. Purvi S. Parikh. The composition of the Audit Committee is in compliance with the requirement of Section 177 of the Companies Act, and Regulation 18 of the SEBI (LODR) Regulations, 2015.

The Board at meeting held on September 02, 2020 was reconstituted Audit Committee by inducting Mrs. Purvi S. Parikh, Independent Director as new Member of the Committee in place of Dr. Tarang M. Desai, Independent Director of the Company.

## Stakeholder Relationship Committee

The Stakeholder Relationship Committee comprises Directors namely Mr. Arun S. Patel (Chairman), Mr. Sandip V. Patel, Mr. Nitin R. Patel and Dr. Tarang M. Desai. The composition of the Stakeholder Relationship Committee is in compliance with the requirement of Section 178 of the Companies Act, and Regulation 20 of the SEBI (LODR) Regulations, 2015.

The Board at meeting held on September 02, 2020 was reconstituted Stakeholder Relationship Committee by inducting Dr. Tarang M. Desai, Independent Director as new Member of the Committee.

## Risk Management Committee

Board constitute Risk Management Committee comprises Directors namely Mr. Shashin V. Patel, Mr. Nitin R. Patel and Mr. Sandip V. Patel. More details on the same are given in the Corporate Governance Report.

Although not mandatory, as a measure of good governance, the Company has constituted a Risk Management Committee of the Board. The Committee reviews the Company's performance against identified risks, formulates strategies towards identifying new and emergent risks that may materially affect the Company's overall risk exposure and reviews the Risk Management Policy and structure.

## Development and implementation of Risk Management Policy

In accordance with the Regulation 17 of SEBI (LODR) Regulations, 2015, the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the Company by way of Risk Management Policy.

Board of Directors of the Company has identified the risks in two categories i.e. (1) Internal and Business Risk and (2) External Risk. The Management has also envisaged the minimization procedure and its perception in respect of each identified risk.

Further, the Company identifies risks with its degree and control systems are instituted to ensure that the risks in business process are mitigated. The Board provides oversight and reviews the Risk Management Policy periodically. In the opinion of the Board there has been no identification of elements of risk that may threaten the existence of the Company.

## Committees of Board

Details of various committees constituted by the Board of Directors as per provisions of the Listing Regulations and Companies Act, 2013 are given in the Corporate Governance Report and forms part of this report.

As on date, the Nomination and Remuneration Committee comprises Directors namely Mr. Arun S. Patel (Chairman), Mr. Sandip V. Patel and Dr. Tarang M. Desai.

As on date, the Corporate Social Responsibility Committee comprises Directors namely Mr. Shashin V. Patel (Chairman), Mr. Nitin R. Patel and Mr. Arun S. Patel.

As on date, the Finance and Investment Committee comprises Directors namely Mr. Shashin V. Patel (Chairman), Mr. Nitin R. Patel and Mr. Sandip V. Patel.

### **Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder and no complaint has been received on sexual harassment during the financial year 2019-20. Further Company has complied with the provisions relating to the constitution of Internal Complaint Committee under the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company periodically conducts sessions for employees across the organization to build awareness about the Policy and the provisions of Prevention of Sexual Harassment Act.

### **Nomination and Remuneration Policy**

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employees has been provided under Corporate Governance Report. The weblink for the same is [https://www.sadbhaveng.com/wp-content/uploads/2018/02/Whistle\\_Blower\\_Policy-1.pdf](https://www.sadbhaveng.com/wp-content/uploads/2018/02/Whistle_Blower_Policy-1.pdf)

### **Whistle Blower Policy**

The Company has a vigil mechanism named Whistle Blower Policy for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The details of the said Policy is explained in the Corporate Governance Report and also posted on the website of the Company. The weblink for the same is <https://www.sadbhaveng.com/wp-content/uploads/2018/02/REMUNERATION-POLICY.pdf>

### **Meetings of Board**

During the year, Eight (8) Board Meetings were held on May 04, 2019, May 30, 2019, July 01, 2019, August 10, 2019, August 14, 2019, October 19, 2019, November 14, 2019 and February 14, 2020.

### **Directors' Responsibility Statement**

Pursuant to the requirement in section 134(3) (c) of the Companies Act, 2013, the Directors state that:

- (a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards had been followed and there are no material departures from the same;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2020 and of the profit and loss of the Company for the year ended on that date;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) that the directors had laid down internal financial controls to be followed by the company and that the financial controls are adequate and are operating effectively; and
- (f) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **Statutory Auditors**

M/s. Dhirubhai Shah & Co LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 102511W/W100298), was appointed as the statutory auditors of the Company to hold office for a period of four consecutive years from the conclusion of the 29th AGM of the Company held on September 27, 2018, till the conclusion of the 33rd AGM to be held in the year 2022. The requirement for the annual ratification of auditor's appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 07, 2018. During the year, the statutory auditors have confirmed that they satisfy the independence criteria required under Companies Act, 2013, Code of ethics issued by Institute of Chartered Accountants of India.

There are no qualifications, reservations or adverse remarks made by Statutory Auditors in their report for the Financial Year ended on March 31, 2020.

## Appointment of Joint Statutory Auditors.

As our Subsidiary Company i.e. Sadbhav Infrastructure Project Limited, is in the process of getting merged with its Holding Company i.e. Sadbhav Engineering Ltd. ("Company"). The said merger activity is proposed to be completed during the Financial Year 2020-21 and hence in this regards the Company is desirous of appointing a large reputed firm of Chartered Accountants as the Statutory Auditors of the Company. Now, based on the recommendation of Audit Committee, the Board of Directors of the Company have appointed M/s. Manubhai & Shah LLP, Chartered Accountants (Firm Registration Number: 106041W/W100136), as a joint Statutory Auditors of the Company, commencing from the Financial Year 2020-21, subject to the approval of the Member of the Company to audit its financial statements along with the existing Statutory Auditors, M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants (Firm Registration No. 102511W/W100298), M/s. Manubhai & Shah LLP, shall hold office for the first term of five years, from the conclusion of the Thirty First (31st) Annual General Meeting until the conclusion of the Thirty Sixth (36th) Annual General Meeting of the Company.

## Details in respect of frauds reported by auditors under sub-section (12) of Section 143 other than those which are reported to the central government.

During the year under consideration, there was no such instances.

## Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company had appointed M/s. Ravi Kapoor and Associates, Practising Company Secretaries, Ahmedabad to undertake the Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report is annexed herewith as 'Annexure 1' to this Report. There are no qualification, reservations or adverse remarks made by Secretarial Auditors in their report.

The Company has also filled the Secretarial Compliance Report for the financial year ended March 31, 2020 to the Stock Exchnages, in relation to compliance of all applicable SEBI Regulations/circulars/ guidelines issued thereunder, pursuant to requirement of Regulation 24A of SEBI (LODR) Regulation, 2015. The Secretarial Compliance Report does not contain any qualification, reservation or adverse remark.

## Cost Auditors

The Board had, on the recommendation of the Audit Committee, appointed M/s Rajendra Patel & Associates, Cost Accountants, Ahmedabad to audit the cost records of the Company for the financial year 2020-2021 will on a remuneration of ₹ 1,50,000/-p.a. The Cost Audit Report for the year 2019-2020 will filed before the due date with the Ministry of Corporate Affairs. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to M/s Rajendra Patel & Associates is included at Item No. 4 of the Notice convening 31st Annual General Meeting.

## Compliance with Secretarial Standards

The Company is in compliance with the Secretarial Standards on Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government.

## Corporate Governance

As per Regulation 27 of SEBI (LODR) Regulations, 2015, a separate section on Corporate governance practices followed by the Company, together with a certificate from the Company's Statutory Auditor confirming compliance forms an integral part of this Report.

## Management Discussion and Analysis (MDA)

MDA, for the year under review, as stipulated under Regulation 34(2)(e) of SEBI (LODR) Regulations, 2015 with the Stock Exchanges is presented in a separate section, which forms a part of the Annual Report.

## Corporate Social Responsibility

The Annual Report on CSR activities is annexed to this Report. The CSR policy is available on the [https://www.sadbhaveng.com/wp-content/uploads/2018/02/CORPORATE\\_SOCIAL\\_RESPONSIBILITY.pdf](https://www.sadbhaveng.com/wp-content/uploads/2018/02/CORPORATE_SOCIAL_RESPONSIBILITY.pdf) of the Company. The CSR activities is annexed herewith as 'Annexure 2'.

## Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is attached as 'Annexure 3' which forms part of this report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as 'Annexure 4' which forms part of this report.

## Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo

The rules regarding conservation of Energy and Technology Absorption are not applicable to the Company. There was no earning and outgo in the foreign currency, while expenditure the particulars of the dividend in foreign currency are given in the notes no. 51 to the Standalone Financial Statements.

## Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes no. 5,58 to the Standalone Financial Statements.

## Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC 2 is not applicable.

The Company in terms of Regulation 23 of SEBI (LODR) Regulations, 2015, submits within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges. The said disclosures can be accessed on the website of the Company at [www.sadbhaveng.com](http://www.sadbhaveng.com).

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: [https://www.sadbhaveng.com/wp-content/uploads/2018/02/RELATED\\_PARTY\\_TRANSACTIONS1.pdf](https://www.sadbhaveng.com/wp-content/uploads/2018/02/RELATED_PARTY_TRANSACTIONS1.pdf). Your Directors draw attention of the members to notes no. 49 to the Standalone Financial Statements which sets out related party disclosures.

## Extract of Annual Return

As per MCA Notification dated August 28, 2020, the extract of the Annual Return of the Company as on 31st March, 2020 in Form MGT - 9 in accordance with Section 92 (3) of the Act read with Companies (Management and Administration) Rules, 2014, is available on the website of the Company at [www.sadbhaveng.com](http://www.sadbhaveng.com)

## Internal Financial Controls

The Company has designed and implemented a process driven framework for Internal Financial Controls [IFC] within the meaning of the explanation to section 134[5][e] of the Act. For the year ended on March 31, 2020, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/ or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

## Business Responsibility Reporting

As per Regulation 34(2)(f) of the Listing Regulations, 2015, a separate section on Business Responsibility Reporting forms a part of this Annual Report.

## Fixed Deposit

During the year under review, your Company has not accepted any fixed deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on 31st March, 2020, there were no deposits which were unpaid or unclaimed and due for repayment.

## Code for Prevention of Insider Trading

Your Company has adopted a Code of Conduct to regulate, monitor and report trading by designated persons and their immediate relatives as per the requirements under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code for practices and procedures or fair disclosure of unpublished price sensitive information which has been made available on the Company's website at [www.sadbhaveng.com](http://www.sadbhaveng.com).

## General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any commission from the Company and not disqualified from receiving any remuneration or commission from any of subsidiaries of the Company.
5. All properties and insurable interests of the company to the extent required have been adequately insured.
6. No significant and material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's future operations.

## Industrial Relations

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of employees have enabled the Company to remain at the leadership position in the industry and the Management appreciates the employees of all cadres for their dedicated services to the Company.

## Acknowledgments

Your Directors place on record their gratitude to the Ministry of Corporate Affairs, BSE Limited, National Stock Exchange of India Limited, Securities and Exchanges Board of India, Central Government, State Governments and Company's Bankers for the assistance, co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of investors, vendors, supplier, sub contractors, business associates and employees in ensuring an excellent all around operational performance.

For and on behalf of the Board of Directors

Place : Ahmedabad  
Date : September 02, 2020

**Shashin V. Patel**  
Vice- Chairman, Non-Executive Director  
DIN No. 00048328

**Nitin R. Patel**  
Executive Director  
DIN No. 00466330

# Annexure - 1

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**Form No. MR-3**  
**Secretarial Audit Report for the Financial Year Ended 31st March, 2020**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**Sadbhav Engineering Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sadbhav Engineering Limited (herein after referred to as "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Sadbhav Engineering Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Sadbhav Engineering Limited ("the Company") for the financial year ended on 31st March, 2020 verified the provisions of the following acts and regulations and also their applicability as far as the Company is concerned during the period under audit:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992, ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) There are no laws which are specifically applicable to the Company.

We have also examined compliance with applicable clauses of the following

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. Provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable to the Company.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously. As per records available in the said minutes there were no dissenting views expressed by any directors during the meetings.

**We further report** that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report** that during the audit period the company there are no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For, Ravi Kapoor & Associates**

**Ravi Kapoor**

Company Secretary in Practice

FCS No.: 2587 • CP No.: 2407

UDIN: F002587B000429970

Place : Ahmedabad

Date : July 9, 2020

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

## ***Annexure - A***

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To,  
The Members,  
**Sadbhav Engineering Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For, Ravi Kapoor & Associates**

**Ravi Kapoor**

Company Secretary in Practice

FCS No.: 2587 • CP No.: 2407

UDIN: F002587B000429970

Place : Ahmedabad

Date : July 9, 2020



## Annexure - 2 Report on Corporate Social Responsibility

[Pursuant to clause (o) of Sub-Section 3 of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	The Company has framed the CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is <a href="https://www.sadbhaveng.com/wp-content/uploads/2018/02/CORPORATE_SOCIAL_RESPONSIBILITY.pdf">https://www.sadbhaveng.com/wp-content/uploads/2018/02/CORPORATE_SOCIAL_RESPONSIBILITY.pdf</a>
2	The Composition of the CSR Committee	1. Mr. Shashin V. Patel (Director-Chairman of CSR Committee) 2. Mr. Nitin R. Patel (Executive Director-Member) 3. Mr. Arun S. Patel (Independent Director-Member)
3	Average Net profit of the company for the last three financial years	₹ 221.68 crores
4	Prescribed CSR Expenditure (two per cent) of the amount as in item 3 above)	₹ 4.33 crores
5	Details of CSR spent during the financial year: 1. Total amount spent for the financial year 2. Amount unspent, if any 3. Manner in which the amount spent during the financial year	₹ 0.205 crores ₹ 4.225 crores As mentioned below
6	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:	While old Projects on which the Company was spending money were completed, the Committee and Board required that Company to identify new projects which has wide social impact. Owing to certain distractions the identification and implementation process of new projects could not be completed during the current financial Year, leading to lower expenses than the budgeted CSR expenses. Committee has now identified few CSR projects on which the Company will focus on in the current financial year, once the pandemic situation eases and free movement of the concern team is enabled.

### Manner in which the amount spent during the financial year

CSR projector activity identified	Sector in which the project is covered	Projects or programs (1)Local area or other (2)Specified city of the State and district where projects or programs was undertaken	Amount outlay (budget) projector programs wise	Amount spent on the projects or programs Sub heads: (1)Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
Environment Sustainability	Conservation of Natural Resources	Surendranagar	₹ 0.075 crores	Direct expenditure ₹ 0.075 crores	₹ 0.075 crores	Direct by Sadbhav Engineering Limited
Promoting gender equality and empowering women	Health Development	Jodhpur, Rajasthan	₹ 0.10 crores	Direct expenditure ₹ 0.10 crores	₹ 0.10 crores	Direct by Sadbhav Engineering Limited
Social Business Project	Public Welfare	Bhavnagar	₹ 0.03 crores	Direct expenditure ₹ 0.03 crores	₹ 0.03 crores	Direct by Sadbhav Engineering Limited

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

**Shashin V. Patel**  
Chairman of CSR Committee  
DIN : 00048328

**Mr. Nitin R. Patel**  
Executive Director  
DIN: 00466330

## Annexure - 3

Statement of particulars of employees pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2020.

a) Employees who are employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum.

Name & Qualification	Age in Years	Designation	Date of Employment	Gross Remuneration p.a. (₹ in Lakhs)	Experience (No. of years)	Last Employment	% age of equity shares held by employee
Mr. Shashin V. Patel Qualification : MBA	39 Yrs.	Chairman & Managing Director	23-05-2000	300.22	19 years	None	3.25

(b) Employees who are employed part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month: Nil

Name & Qualification	Age in Years	Designation	Date of Employment	Gross Remuneration p.a. (₹ in Lakhs)	Experience (No. of years)	Last Employment	% age of equity shares held by employee
Mr. Amares Kumar Qualification : PG Diploma	49 Yrs.	Chief Executive Officer	04-04-2017	14,69,556/-	NA	Topworth Group Of Companies	-

### Notes :

- Remuneration includes Salary, Contribution to Provident and other funds and perquisites (including medical, leave travel and leave encashment on payment basis and monetary value of taxable perquisites) etc.
- All the above said appointment are in the nature of contractual employment.

The statement containing the names of top ten employees will be made available on request sent to the Company on [investor@sadbhav.co.in](mailto:investor@sadbhav.co.in).

## Annexure - 4

Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20;

Name of the Directors	Designation	Remuneration of the directors (₹ in Lakhs)	Median remuneration of the employees (₹ in Lakhs)	Ratio of remuneration of the directors to the median remuneration of the employees
Shashin V. Patel	Chairman & Managing Director	300.22	2.42	124:1
Vasistha C. Patel	Executive Director	90.00	2.42	37:1
Vikram R. Patel	Executive Director	90.00	2.42	37:1
Nitin R. Patel	Executive Director	84.22	2.42	35:1
Vipul H. Patel	Executive Director	90.22	2.42	26:1
Sandip V. Patel <sup>^</sup>	Independent Director	1.20	2.42	38:1
Atul N. Ruparel <sup>^</sup>	Independent Director	0.45	2.42	0.18:1
Arun S. Patel <sup>^</sup>	Independent Director	1.20	2.42	0.50:1
*Mirat N. Bhadlawala <sup>^</sup>	Independent Director	0.45	2.42	0.18:1
Purvi S. Parikh <sup>^</sup>	Independent Director	1.20	2.42	0.50:1
**Dr. Tarang M. Desai <sup>^</sup>	Independent Director	-	-	-

<sup>^</sup> Reflects sitting fees.

\*Resigned w.e.f. 05-01-2020

\*\* Appointed w.e.f. 14-02-2020

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20;

Name of the Directors, Chief Financial Officer, Chief Executive Office, Company Secretary, Manager	Designation	Percentage increase in remuneration	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;
Shashin V. Patel	Chairman & Managing Director	-	Profit before Tax decreased by 57.50% and profit after Tax decreased by 54.43% in financial year 2019-2020
Vasistha C. Patel	Executive Director	-	
Vikram R. Patel	Executive Director	-	
Nitin R. Patel	Executive Director & Chief Financial Officer	-	
Vipul H. Patel	Executive Director	-	
Sandip V. Patel <sup>^</sup>	Independent Director	100	
Atul N. Ruparel <sup>^</sup>	Independent Director	-	
Arun S. Patel <sup>^</sup>	Independent Director	100	
Mirat N. Bhadlawala <sup>^</sup>	Independent Director	-	
Purvi S. Parikh <sup>^</sup>	Independent Director	100	
Tushar D. Shah	Company Secretary	-	

<sup>^</sup> Reflects sitting fees based on attendance of Board Meeting.

(iii) The percentage increase in the median remuneration of employees in the financial year 2019-20;

The median remuneration of employee in the financial year 2019-20 was ₹ 2.42 Lakhs (3.47 Lakhs in FY 2018-19). So, there was 30% decrease in median remuneration of employee.

(iv) There were 3423 employees on the rolls of company as on March 31, 2020

(v) Average percentile increased in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-20 was NIL whereas the increased in the managerial remuneration for the same financial year was NIL. However, Management is in process of increase in the Remuneration of Managerial personnel as well as Employees for the year 2019-20.

(vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

# Business Responsibility Report

## Section A : General Information about the Company

1. Corporate Identity Number (CIN)	L45400GJ1988PLC011322
2. Name of the Company	Sadbhav Engineering Limited
3. Registered Address	Sadbhav House, Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad - 380006, Gujarat
4. Website	<a href="http://www.sadbhaveng.com">www.sadbhaveng.com</a>
5. E-mail id	<a href="mailto:investor@sadbhav.co.in">investor@sadbhav.co.in</a>
6. Financial Year reported	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020

### 7. Sector (s) that the Company is engaged in (industrial activity code wise):

Group	Class	Sub class	Description
421	4210	42101	We are an engineering, construction and infrastructure development company focusing on transportation- Rehabilitation, upgradation, widening and strengthening of roads and highways, and design and construction of depots, workshops, elevated ramps, elevated viaducts, elevated stations for metro railways.  We categorise our business into two businesses:  (i) Construction Business, under which we undertake engineering, procurement and construction (“EPC”) activities for transportation, irrigation and mining sectors; and (ii) Infrastructure Development Business, under which we undertake development of roads and highways on BOT, DBFOMT or DBFOT basis.
422	4220	42204	Construction & Maintenance of Irrigation System (Cannel)
431	4312	43121	Site preparation for Mining including overburden removal and other development

### 8. List three key product/services that the Company manufactures/provides (as in balance sheet):

The Company is involved in the development, operation and maintenance of national and state highways and roads in several states in India, We earn revenues primarily from the BOT road concessions in two ways, depending on whether it is a toll-based or an annuity-based concession. Our project portfolio for the Infrastructure Development Business consists of 41 Projects.

### 9. Total number of locations where business activity is undertaken by the Company:

- i. Number of International Locations : NIL
- ii. Number of National Locations : 12 states of India

### 10. Markets served by the Company (Local/State/National/International) : National

## Section B: Financial Details of the Company

- 1. Paid up capital (INR) : ₹ 17.15 Crore
- 2. Total turnover (INR) : ₹ 2251.66 Crore
- 3. Total Profit after taxes (INR) : ₹ 85.15 Crore
- 4. Total Spending on CSR as percentage of profit After tax (%) : Please refer Board’s Report
- 5. List of activities in which expenditure in 4 above has been incurred : Conservation of Natural Resources, Health Development and Public Welfare

## Section C: Other Details

### 1. Does the Company have any Subsidiary Company / Companies?

Yes, the Company has 19 subsidiary companies (including step-down subsidiaries) as on March 31, 2020

### 2. Do the Subsidiary Company / Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)?

Yes. There are 19 subsidiaries including step-down subsidiaries. All policies/Practices to the extent relevant are also applicable to the subsidiaries in conformity with the applicable laws.

### 3. Do any other entity / entities (e.g. suppliers, distributors etc) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30- 60%, More than 60%]

No. Other vendors/suppliers/contractors do not participate in group’s BR policy.

## Section D: BR Information

### 1. Details of Director / Directors responsible for BR:

a) Details of the Director / Directors responsible for implementation of the BR Policy / Policies:

Directors Identification Number (DIN): 00048328

Name: Shashin V. Patel

Designation: Vice Chairman - Non-Executive Director

b) Details of the BR Head:

Sr. No.	Particulars	Details
1	DIN (if applicable)	00048328
2	Name	Shashin V. Patel
3	Designation	Vice Chairman - Non-Executive Director
4	Telephone Number	+91 79 40400400
5	E mail Id	<a href="mailto:investor@sadbhav.co.in">investor@sadbhav.co.in</a>

### 2. Principle-wise (as per NVGs) BR Policy / Policies (Reply in Y/N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

- P1** - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2** - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3** - Businesses should promote the well being of all employees.
- P4** - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5** - Businesses should respect and promote human rights.
- P6** - Businesses should respect, protect and make efforts to restore the environment.
- P7** - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8** - Businesses should support inclusive growth and equitable development.
- P9** - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for.....	Y	*Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	-	-	-	-	-	MoEF, Pollution Control Board	-	-	-
4	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	The Policies have been either approved by the Board or Senior Functional Head authorized by the Board in this respect from time to time.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="https://www.sadbhaveng.com/programme-and-policies/">https://www.sadbhaveng.com/programme-and-policies/</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	N
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	N	N
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy /policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

\* wherever the policy is not compliant with Local regulation, they are modified accordingly.

# While the Company does not manufacture any products, the policy addresses the aspects of health, safety and environmental protection in the Company's operations and services.

**If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 Months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

### 3. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Board will review the BR performance annually.

Does the Company publish a BR or a Sustainability Report? What is the hyper-link for viewing this report? How frequently it is published?

Company's Annual Report includes Business Responsibility Report. The copy of the same is available on the website of the Company [www.sadbhaveng.com](http://www.sadbhaveng.com)

### Section E: Principle-wise Performance

#### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. No, it covers Group companies also. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company considers Corporate Governance as an integral part of good management. The Company has a Code of Business Conduct and a vigil mechanism that are approved by the Board of Directors. These are applicable to all Board Members and employees of the company and all its subsidiaries, and an annual affirmation is taken from the designated employees.

Company also has a Whistle Blower policy which seeks to empower employees and directors to raise any genuine concerns within the group.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No genuine concerns were received during financial year 2019-20.

#### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and /or opportunities.

(a) Highways with service roads for local population (b) Pedestrian and Vehicle underpasses for the ease of movement of local traffic. (c) Redesign of roads to avoid unnecessary cutting down of trees for road laying activities. d) Construction of rain water harvesting structures. These initiatives are within the provisions of the concession agreement of respective highway project. e) Design of highway elements to minimise use of natural resources.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product (optional):

(a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain ?  
The Company follows sustainable sourcing ensuring quality and safety of raw materials procured from suppliers. The Company has laid down a robust process for vendor evaluation and selection mechanism and prefer local suppliers wherever possible. The Company also emphasis on safe transportation, optimization of logistics and reduction of vehicular air emissions.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year ?  
The Company strives to improve the energy and water footprints by reducing the power and fuel consumption and has been able to reduce related costs. On the environment front, Company has adopted principles of natural resource conservation, reuse, reduce, recycle, and waste minimization.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

If the Company is to deliver continued Innovation, Sustainability in the operations is critically important. The Company endeavour to work with responsible suppliers who adhere to the Company's quality, social and environmental standards.

The Company has standard operating procedures for the evaluation and selection of its vendors for sourcing of material. This includes the evaluation of the EHS resources and their compliance by suppliers and vendors for key raw material.

The Company has system of identifying or developing alternate vendors where single vendor is considered critical for business continuity.

**4. Has the Company undertaken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors ?**

The Company consciously endeavours to source its procurement of the goods and services from medium and small vendors from the local areas where feasible. It improves operational efficiency and saves on transportation cost and inventory management. Further, the Company fulfils its manpower requirement by employing the people from the nearby location where it has its business operation to the possible extent.

The Company provides detailed specifications as well as technical knowhow to improve capacity and capability of local and small vendors.

We always engage local contractors in the vicinity of our projects for supply of goods and services like housekeeping services, security, accommodation and provide mess facilities for staff.

In addition, employment to local youth is provided in various functions in our Project / Toll offices and Plants.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so**

Our philosophy is to reduce waste and make efficient use of raw materials during construction of roads. As long as it does not compromise our high quality standards and the safety of the roads and its users, we use recycled concrete and bitumen aggregates, which at present amounts to about <5%.

**Principle 3**

**1. Please indicate total number of employees:**

Sr. No.	Category of Employees	No. of Employees
1.	Directors	5
2.	Fix Term (Contractual)	2385
3.	Regular	1006
4.	Superannuation	27
	<b>Total</b>	<b>3423</b>

**2. Please indicate total number of employees hired on temporary / contractual / casual basis**

Sr. No.	Category of Employees	No. of Employees
1.	Fix Term (Contractual)	2385
	<b>Total</b>	<b>2385</b>

**3. Please indicate the number of permanent women employees:**

Number of permanent women employees: 4

**4. Please indicate the number of permanent employees with disabilities: 0**

Number of permanent employees with disabilities: None

**5. Do you have an employee association that is recognized by the Management?**

No

**6. What percentage of permanent employees is members of this recognized employee association?**

N.A.

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Nil

**8. What percentage of undermentioned employees were given safety and skill up-gradation training in the last year?**

		Approx.
A.	Permanent employees	70%
B.	Permanent women employees	100%
C.	Casual / Temporary / Contractual employee	40%
D.	Employees with disabilities	N.A.



#### Principle 4

**1. Has the company mapped its internal and external stakeholders? Yes / No**

Yes, the company has established a systematic process of stakeholder mapping. The internal stakeholders for the company comprise the employees, management, consultants, etc. whereas the external stakeholder groups range from suppliers, customers, business partners, regulatory agencies to local communities around its sites of operations.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes. The Company has identified the disadvantaged, vulnerable & marginalized stakeholders.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

The Company works actively to enhance the employment opportunities in the nearby locations whereby it operates, leading to income generation and economic empowerment in the marginalized sections of the communities. Various initiatives have been taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders at locations in and around its operations in the areas of: (i) Community Health Care, Sanitation and Hygiene, (ii) Education Enhancement (iii) Slump area development.

For details of projects undertaken during the FY 2019-20, please refer the 'Annual Report on CSR Activities' attached to Directors Report.

#### Principle 5

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

Yes. Policy on human rights covers employees of the Company as well as employees of the subsidiaries.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaints were received during the year in this regard.

#### Principle 6

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/others.**

Policy extends to Company as well as subsidiaries.

**2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming etc? Y/N. If yes, please give hyper-link for webpage etc.**

No, the Company has not undertaken any initiatives to address global environmental issues as the activities of the Company presently are limited to India only.

The Company has implemented number of initiatives which has resulted in saving in fuel consumption and thereby avoided related emissions Tree Plantations activities are carried out by the group.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company has a mechanism to identify and assess potential environmental risks in its projects and in respect of its projects.

**4. Does the Company have any project related to Clean Development Mechanism (CDM)? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No, the Company does not have any projects related to Clean Development Mechanism (CDM).

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

The Company has taken several initiatives on clean technology, energy efficiency and renewable energy.

**6. Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Yes.

**7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year.**

The Company has not received any such notices from CPCB/SPCB during FY 2019-20.

**Principle 7**

**1. Is your Company a member of any trade and chambers of association? If yes, name only those major ones that your business deals with.**

The Company is a Member of:

- i. Confederation of Indian Industry
- ii. Federation of Indian Chambers of Commerce and Industry
- iii. Ahmedabad Management Association
- iv. All India Management Association
- v. Gujarat Chamber of Commerce & Industry
- vi. The Associated Chambers of Commerce & Industry of India

**2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

We have been suggesting changes in policies to remove bottlenecks impacting the growth of infrastructure in the country and simplification of arbitration policies.

**Principle 8**

Businesses should support inclusive growth and equitable development.

**1. Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof**

Yes, the Company has identified specified programmes / projects in the pursuit of the policy related to Principle 8.

For details of projects undertaken during the FY 2019-20, please refer the 'Annual Report on CSR Activities' attached as to Directors Report.

**2. Are the programmes/projects undertaken through inhouse team/own foundation/external NGO/government structures/ any other organization?**

The identified programmes/projects are carried out directly by the Company itself and some are indirectly through Agencies or NGO etc.

Besides the above, it is also supplementing the efforts of the local institutions / NGOs / local Government / implementing agencies in the field of Education, Healthcare, Sanitation and Hygiene etc. to meet priority needs of the underserved communities with the aim to help them to become self-reliant.

For details of such programmes / projects been implemented on its own agency, please refer the 'Annual Report on CSR Activities' attached to Directors Report.

**3. Have you done any impact assessment of your initiative?**

Yes,

**4. What is the Company's direct contribution to community development projects - Amount in INR and details of the projects undertaken?**

During the year under review the Company had contributed ₹ 0.205 crores to Conservation of Natural Resources, Health Development and public welfare as part of its CSR initiatives. The details of projects undertaken are mentioned elsewhere in the Business Responsibility Report.

- 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company undertakes needs assessment surveys in villages and community before undertaking CSR initiatives. Community needs are understood and evaluated and their views are taken before project plans are finalized and executed. Community members are continuously consulted with during implementation of initiatives. Further, the Company, ensures that community members participate in the initiatives being undertaken / implemented and that they take responsibility for maintenance and sustenance of projects in future.

**Principle 9**

- 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

There are no customer complaints / consumer cases pending as of end of financial year 2019-20.

- 2. Does the Company display product information on the product label, over and above what is mandated as per local laws ? Yes / No / N.A. / Remarks (additional information)**

The Company does not manufacture any product, hence this is not applicable.

- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

There are no such pending cases against the Company in a court of law.

- 4. Did your Company carry out any consumer survey / consumer satisfaction trends?**

No, the company is not carry out any consumer survey/consumer satisfaction fields as on date.

# Report on Corporate Governance

## Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages attainment of highest level of transparency, integrity, equity, openness, fairness and accountability in all faces of its functioning and its interactions with shareholders, employees, government, regulatory bodies and community at large. The Company recognized good corporate governance practices as a key driver to sustainable growth and long term value creation and thus encourages timely and accurate dissemination of information to all their stakeholders.

The Company is committed to achieve the good standards of Corporate Governance on a continuous basis by laying emphasis on ethical corporate citizenship and establishment of good corporate cultures which aim at a true Corporate Governance. In so far as compliance with the requirement of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Company has complied with all the mandatory norms and disclosures that have to be made on Corporate Governance front.

## Board of Directors

In compliance with the code of Corporate Governance, the composition of Board of Directors comprised of both Executive and Non-Executive Directors & Independent Directors. As on March 31, 2020, the Board comprised of 10 Directors which include Five Executive Director and Five Non-Executive Directors & Independent Directors.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (Committees being Audit Committee and Stakeholders Relationship Committee, as per Regulation 26 (1) of the Listing Regulations), across all the Companies in which he/ she is a Director. The necessary disclosures regarding committee positions have been made by all the Directors.

The Board of Directors comprises of 10 (Ten) directors, its composition and category is as under:

### COMPOSITION

Name	Designation	Category	No. of other Directorship held in other public Company*	#No. of committee membership of other companies	#No. of committee chairmanship of other companies	List of Directorship held in Other Listed Companies and Category of Directorship
Mr. Shashin V. Patel DIN:00048328	Chairman & Managing Director	Executive Director	5	-	-	1. Sadbhav Infrastructure Project Limited (Executive Director)
Mr. Vikram R. Patel DIN:00048318	Whole time Director	Executive Director	6	-	-	-
Mr. Vasistha C. Patel DIN:00048324	Whole time Director	Executive Director	8	1	-	1. Sadbhav Infrastructure Project Limited (Managing Director)
Mr. Nitin R. Patel DIN:00466330	Whole time Director	Executive Director	5	3	1	1. Sadbhav Infrastructure Project Limited (Executive Director)

Mr. Vipul H. Patel DIN:06634262	Whole time Director	Executive Director	6	-	-	-
Mr. Sandip V. Patel DIN:00449028	Director	Independent, Non-Executive Director	8	1	1	1. Sadbhav Infrastructure Project Limited (Independent, Non-Executive Director)
Mr. Atul N. Ruparel DIN:00485470	Director	Independent, Non-Executive Director	6	0	0	1. Sadbhav Infrastructure Project Limited (Independent, Non-Executive Director)
Mr. Arun S. Patel DIN:06365699	Director	Independent, Non-Executive Director	6	4	1	1. Sadbhav Infrastructure Project Limited (Independent, Non-Executive Director) 2. Nagpur-Seoni Expressway Ltd. (Independent, Non-Executive Director)
Mr. Mirat N. Bhadlawala DIN:01027984 (upto 05-01-2020)	Director	Independent, Non-Executive Director	-	0	0	1. Sadbhav Infrastructure Project Limited (Independent, Non-Executive Director)
Mrs. Purvi S. Parikh DIN:07071155	Director	Independent, Non-Executive Director	2	0	1	-
Dr. Tarang Desai DIN:00005100 (From 14-02-2020)	Director	Independent, Non-Executive Director	1	2	0	1 Ganesh Housing Corporation Limited (Independent, Non-Executive Director)

\* Directorship including step-down subsidiaries of Sadbhav Engineering Limited.

# Only Audit Committee and the Stakeholders' Relationship Committee of Indian Public Limited Companies (excluding Sadbhav Engineering Limited) have been considered for committee position.

**Relationship between directors inter se:-** None of other directors are related to any other Board Member in terms of definition of 'relative' as per Companies Act, 2013.

#### Board Meeting and Attendance

The Board meets at least four times in a year and the maximum time gap between any two meetings is not more than 120 days.

During the year 2019-2020, 8 (Eight) Board Meetings were held on May 04, 2019, May 30, 2019, July 01, 2019, August 10, 2019, August 14, 2019, October 10, 2019, November 14, 2019 and February 14, 2020.

**The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board**

The following is the list of core skills/expertise/competencies identified by the Board of Directors, based on recommendations of the Nomination & Remuneration Committee, as required in the context of the Company's aforesaid business(es) for it to function effectively along with the names of Directors who have such skills/ expertise/ competence:

Sr. No.	Name of Directors	Skill/ Expertise/ Competency						
		General Management/ Governance: Strategic thinking, decision making and protect interest of all stakeholders.	Finance and Accounting skills: Understanding the financial statements, risk management, mergers and acquisition, etc	Leadership experience: Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth.	Board service and Governance: Service on a Public/ Listed Company Board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices with an understanding of changing regulatory framework.	Understanding the use of digital / Information Technology across the value chain, ability to anticipate technological driven changes & disruption impacting business and appreciation of the need of cyber security and controls across the organisation.	Diversity: Representation of gender, ethnic, geographic, Cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments and other stakeholders.	
1	Mr. Shashin V. Patel	√	√	√	√	√	√	√
2	Mr. Vikram R. Patel	√	x	√	√	√	x	x
3	Mr. Vasistha C. Patel	√	√	√	√	√	√	√
4	Mr. Nitin R. Patel	√	√	√	√	√	√	√
5	Mr. Vipul H. Patel	√	x	√	x	√	x	√
6	Mr. Sandip V. Patel	√	√	√	√	√	√	√
7	Mr. Atul N. Ruparel	√	√	√	√	√	√	√
8	Mr. Arun S. Patel	√	√	√	√	√	x	√
9	Mr. Mirat N. Bhadlawala*	√	x	√	x	√	√	√
10	Mrs. Purvi S. Parikh	√	√	√	√	√	√	√
11	Dr. Tarang M. Desai**	x	x	√	√	√	√	x

Note: \*Resigned w.e.f. 05-01-2020

\*\* Appointed w.e.f. 14-02-2020

The Board as a whole possesses the identified skills, expertise and competencies as are required in the context of business of the Company.

Attendance at Board meetings and Annual General Meeting (AGM):

Name of the Directors	No. of Board Meetings Attended	Attendance at the last AGM
Mr. Shashin V. Patel	8	Yes
Mr. Vikram R. Patel	7	Yes
Mr. Vasistha C. Patel	7	Yes
Mr. Nitin R. Patel	6	Yes
Mr. Vipul H. Patel	8	No
Mr. Sandip V. Patel	8	Yes
Mr. Atul N. Ruparel	3	Yes
Mr. Arun S. Patel	8	Yes
Mr. Mirat N. Bhadlawala*	3	Yes
Mrs. Purvi S. Parikh	8	Yes
*Dr. Tarang M. Desai**	-	N.A.

\*Resigned w.e.f. 05-01-2020

\*\*Appointed w.e.f. 14-02-2020

#### Evaluation of Board Performance:

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The performance evaluation of the Independent Directors and Board Committees were carried out by the entire Board. The Independent Directors carried out the performance evaluation of the Board as whole and Non-Independent Directors of the Company while Chairman of the Board was evaluated by Independent as well as Non-Independent Directors of the Company.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

#### Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on February 14, 2020 to review the performance of Non-Independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board.

#### Familiarisation Programmes for Independent Directors:

Your company has conducted the familiarization programme for Independent Directors of the Company on February 14, 2020. The programme was designed to familiar the directors with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. Detailed presentations on the Company's business segments were made at the separate meetings of the Independent Directors held during the year.

The details of Familiarization Programme for Independent Directors are available on the Company's website at <https://www.sadbhaveng.com/programme-and-policies/>

#### Board membership criteria

The Company inducts eminent individual from diverse fields as directors on its Board. The nomination and remuneration committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. Members are expected to possess the required qualifications, integrity, expertise and experience for the position. They should also possess deep expertise and insights in sectors/ areas relevant to the Company, and ability to contribute to the Company's growth.

#### Confirmation from the Independent Directors:

The Company received confirmation from the independent directors that they fulfill the conditions specified in these regulations.

### Detailed reasons for the resignation of an independent director who resigns before the expiry of the tenure:

In the opinion of the Board, the Independent Directors fulfil the conditions specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and are independent of the management.

During the year Mr. Mirat N. Bhadlawala, Independent Director resigned from the Company w.e.f. 5<sup>th</sup> January, 2020 due to personal reason. The said Independent Director has confirmed to the Company that there are no material reason other than mentioned above.

### Committees of the Board

#### Audit Committee

The terms of reference stipulated by the Board to the Audit Committee are as contained in Section 177 of the Companies Act, 2013 and Regulation 18(3) of SEBI (LODR) Regulations, 2015. Mr. Sandip V. Patel, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on Wednesday, September 25, 2019.

The Composition of Audit Committee, details of number of meetings held during the year 2019-20 and Attendance of each member at the meeting are mentioned below:

Name of Director	Category	Date of Committee Meeting and Attendance					Committee Meeting attended
		30.05.2019	14.08.2019	19.10.2019	14.11.2019	14.02.2020	
Mr. Sandip V. Patel	Chairman	Yes	Yes	Yes	Yes	Yes	5
Mr. Nitin R. Patel	Member	No	Yes	Yes	Yes	Yes	4
Mr. Atul N. Ruparel	Member	No	No	No	Yes	No	1
Mr. Arun S. Patel	Member	Yes	Yes	Yes	Yes	Yes	5

The terms of reference of the Audit Committee are formulated in accordance with the regulatory requirements mandated by the Companies Act and Listing Regulations.

The Audit Committee is, inter alia, entrusted with the following responsibilities by the Board of Directors of the Company:

1. To oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. To recommend for appointment, remuneration and terms of appointment of auditors of the Company;
3. To approve the payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;



7. To review and monitor the auditor’s independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. To discuss with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. To carry out any other function as is mentioned in the terms of reference of the Audit Committee.

#### **Nomination and Remuneration Committee**

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 the Board has constituted the “Nomination and Remuneration Committee”.

Mr. Atul N. Ruparel, Chairman of the Nomination and Remuneration Committee, was present at the Annual General Meeting of the Company held on Wednesday, September 25, 2019.

The Composition of Nomination and Remuneration Committee, details of number of meetings held during the year 2019-20 and Attendance of each member at the meeting are mentioned below:

Name of Director	Category	Date of Committee Meeting and Attendance		Committee Meeting attended
		14.08.2019	14.02.2020	
Mr. Atul N. Ruparel	Chairman	No	No	Nil
Mr. Sandip V. Patel	Member	Yes	Yes	2
Mr. Arun S. Patel	Member	Yes	Yes	2

The terms of reference stipulated by the Board to the Nomination and Remuneration Committee are as contained in Section 178 of the Companies Act, 2013 and Regulation 19(4) of SEBI (LODR) Regulations, 2015.

#### **Policy for Appointment and Remuneration**

- The Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of a director.

It contains followings:

##### **(a) Education Qualification for Director:**

Person being appointed as Director should hold certain education qualification as defined by Nomination & Remuneration Committee of Company.

**(b) Positive Attributes of Directors:**

Person being appointed as Director should possess any of the following attribute ;

- (1) Leadership quality
- (2) Work knowledge, sufficient experience and achievement in execution of project
- (3) Expertise in respective field
- (4) Sense of Responsibility
- (5) Seniority

**(c) Independency of Directors**

Person being appointed as Independent Director should possess the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

**(d) Criteria for evaluation of Independent Directors**

Performance of evaluation of Independent Director shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent Director being evaluated shall be evaluated on the basis of Role and Functions performed and duties discharged by him during the year. His role, functions and duties should be evaluated on basis of Role, Functions and Duties specified in Schedule IV of Companies Act 2013.

**(e) Criteria for evaluation of Board**

The performance of the Board shall be reviewed in the separate meeting of Independent Directors at least once in year.

The meeting shall:

1. review the performance of Non-Independent Directors and the Board as a whole ;
2. review the performance of the Chairperson of the Company, talking into account the views of Executive Directors and Non-Executive Directors;
3. assess the equality, quantity and time lines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

- The Nomination and Remuneration Committee has recommended to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management which contains following:
  1. Nomination and Remuneration Committee has empowered the Managing Director of the Company to frame the remuneration policy for Directors, Key Managerial Personnel and other employees including Senior Management Personnel on yearly basis.
  2. While formulating Policy, Managing Director of the Company shall ensure that:
    - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
    - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals
  3. The Directors and Key Management Personnel shall be remunerated pursuant to the provisions of the Section 196 and 197 read with Schedule V of Companies Act, 2013.
  4. Other senior official's salary shall be based and determined having regard to their experience, responsibilities, performance and initiative taking abilities.

**Details of the remuneration paid during the year 2019-20 and other terms of appointment of Directors**

Name of Directors	Salary ( ₹ In lakhs )	Sitting Fees ( ₹ In lakhs )	Terms of Appointment	No. of equity shares held as on 31 <sup>st</sup> March, 2020	No. of outstanding Stock options
Mr. Shashin V. Patel	300.22	-	3 years from July 1, 2017	5572199	-
Mr. Vikram R. Patel	90.00	-	3 years from October 01,2017	4638750	-
Mr. Vasistha C. Patel	90.00	-	3 years from October 01,2017	3426535	-
Mr. Nitin R. Patel	84.22	-	3 years from July 1, 2017	101	-
Mr. Vipul H. Patel	90.22	-	3 years from August 20, 2016	166850	-
Mr. Sandip V. Patel	-	1.20	-	10000	-
Mr. Atul N. Ruparel	-	0.45	-	10000	-
Mr. Arun S. Patel	-	1.20	-	-	-
Mr. Mirat N. Bhadlawala	-	0.45	-	-	-
Mrs. Purvi S. Parikh	-	1.20	-	-	-
*Dr. Tarang M. Desai	-	-	-	-	-

\*Appointed w.e.f. 14-02-2020

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

The Company has a credible and transparent policy in determining and accounting for the remuneration of Directors, Key Managerial Personnel & Senior Management of the Company. The policy has been placed on the Company's official website at the web-link <http://www.sadbhaveng.com>

The Non-Executive Directors receive remuneration by way of sitting fee for attending the Board Meetings.

The remuneration paid to the Executive Director is determined keeping in view his professional qualification, relevant industry experience, size of the Company and current remuneration standards for such senior executive positions in the Engineering Industries.

Apart from above, Non-Executive Directors do not have any material pecuniary relationship or transactions with the Company.

Notes:

**1. Service Contract, Notice Period and Severance Fees.**

There is no Service Contract executed between the Company and Executive or Non executive Directors for availing service and the Company has not paid any severance fees to the Directors.

**2. Stock option details, if any**

Nil

**Stakeholders Relationship Committee**

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20(4) of the SEBI (LODR) Regulations, 2015 the Board has constituted the "Stakeholders' Relationship Committee".

The terms of reference stipulated by the Board to the Stakeholders Relationship Committee are as contained in Section 178 of the Companies Act, 2013 and Regulation 20(4) of the SEBI (LODR) Regulations, 2015.

The Composition of Stakeholders Relationship Committee, details of number of meetings held during the year 2019-20 and Attendance of each member at the meeting are mentioned below:

Name of Director	Category	Date of Committee Meeting and Attendance				Committee Meeting attended
		30.05.2019	14.08.2019	14.11.2019	14.02.2020	
*Mr. Mirat N. Bhadlawala	Chairman	Yes	Yes	No	-	2
Mr. Sandip V. Patel	Member	Yes	Yes	Yes	Yes	4
Mr. Nitin R. Patel	Member	No	Yes	Yes	Yes	3
Mr. Vasistha C. Patel	Member	Yes	Yes	Yes	Yes	4
**Mr. Arun S. Patel	Chairman	-	-	-	Yes	1

\*Upto 05-01-2020

\*\*Appointed w.e.f. 14-02-2020

The terms of reference of the Stakeholders Relationship Committee, as approved by the Board and amended from time to time, includes the following:

1. To consider and resolve the grievances of security holders of the Company including complaints related to transfer or credit of shares to demat accounts, non-receipt of dividend/notices/annual reports etc .
2. In order to expedite the process of share transfer, committee is authorized to delegate the powers of approving of transfer of securities to Company's registrar and share transfer agent under the supervision and control of Company secretary subject to placing of summary for the transfer and transmission of securities etc..
3. An investor relation department (IRD) to be set up if required in future. The IRD will focus on servicing the need of retail investors, institutional investors, analysts, brokers and the general public
4. To authorize to implement and monitor the various requirements as set out in the Code of Conduct for Prevention of Insider Trading of SADBHAV Engineering Limited ("Code").

The Committee reviews all matters connected with securities transfer and redressal of investor complaints. The Committee also oversees the performance of the Registrars and Transfer Agent, Link Intime India Pvt. Ltd. and recommends measures for overall improvement in the quality of the investor services. The Board of Directors of the company have delegated the powers of approving transfer of securities to Company's Registrar under the supervision and control of the Company Secretary, subject to placing of a summary statement of transfer/transmission, etc. of securities of the company at meeting of the said committee. In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has approved the code of conduct for prevention of Insider Trading and authorized the committee to implement and monitor the various requirements as set out in the Code.

The Board has designated Mr. Tushar D. Shah, Company Secretary & Compliance Officer for complying with the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992 and the requirement under the SEBI (LODR) Regulations, 2015.

The total number of complaints received and resolved during the year to the satisfaction of the shareholders during the year under review was Nil. No complaints were pending as on March 31, 2020.

#### **Risk Management Committee:**

Pursuant to Regulation 21 of the Listing Regulations, the Board of Directors has constituted the Risk Management Committee on May 4, 2019. The composition of the Committee is in conformity with the Listing Regulations, with majority of members being Directors of the Company. During the year under review, One meeting was held for the said Committee on February 14, 2020.

The Composition of Risk Management Committee was as under:

1. Mr. Shashin V. Patel - Chairman, Managing Director
2. Mr. Vikram R. Patel - Executive Director
3. Mr. Vasistha C. Patel - Executive Director
4. Mr. Nitin R. Patel - Executive Director

The terms of reference stipulated by the Board to the Risk Management Committee are as per the Companies Act, 2013 and Regulation 21(5) of the Listing Regulations.

The Role and Responsibility of Risk Management Committee are as under:

#### **(A) ROLE:**

- To assess the Company's risk profile and key areas of risk in particular.
- To recommend the Board and adoption of risk assessment and rating procedures.
- To articulate the Company's policy for the oversight and management of business risks.
- To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas.
- To assess and recommend the Board acceptable levels of risk.
- To develop and implement a risk management framework and internal control system.
- To review the nature and level of insurance coverage.
- To have special investigations into areas of corporate risk and break-downs in internal control.
- To review management's response to the Company's auditors' recommendations those are adopted.
- To report the trends on the Company's risk profile, reports on specific risks and the status of the risk management process.

## (B) RESPONSIBILITY:

- To define the risk appetite of the organization.
- To exercise oversight of management's responsibilities, and review the risk profile of the organization to ensure that risk is not higher than the risk appetite determined by the board.
- To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- To assist the Board in setting risk strategies, policies, frameworks, models and procedures in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting.
- To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed.
- To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work.
- To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk.
- To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management including internal control.
- To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained.
- To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level.
- To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts.
- To provide an independent and objective oversight and view of the information presented by the management on corporate accountability and specifically associated risk, also taking account of reports by the Audit Committee to the Board on all categories of identified risks facing by the Company.
- To review the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures.
- To fulfill its statutory, fiduciary and regulatory responsibilities.
- To ensure that the risk awareness culture is pervasive throughout the organization.
- To review issues raised by Internal Audit that impact the risk management framework.
- To ensure that infrastructure, resources and systems are in place for risk management is adequate to maintain a satisfactory level of risk management discipline.
- The Board shall review the performance of the risk management committee annually.
- Perform other activities related to risk management as requested by the Board of Directors or to address issues related to any significant subject within its term of reference.

## Other Committees

### Finance and Investment Committee

The Board has constituted Finance Committee as "Finance and Investment Committee" comprising of Mr. Shashin V. Patel, Mr. Nitin R. Patel, Mr. Vasistha C. Patel, Mr. Vikram R. Patel and Mr. Atul N. Ruparel to review banking arrangements, reviews and approves certain short terms and long term loans, investment transaction etc. as per the authority granted to the said committee. Finance and Investment Committee meets as and when the need to consider any matter assigned to it arises.

### Corporate Social Responsibility (CSR) Committee

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013. The Committee comprises of Mr. Shashin V. Patel, as Chairman and Mr. Vasistha C. Patel, Mr. Mirat N. Bhadlawala (upto 05-01-2020) and Mr. Arun S. Patel (w.e.f. 14-02-2020) as members of the Committee. During the year 2019-20. Two meetings of Committee were held on May 30, 2019 and March 30, 2020.

### General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Time	Venue
2016-17	September 26, 2017	12.00 Noon	Lions Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006
2017-18	September 27, 2018	12.00 Noon	Lions Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006
2018-19	September 25, 2019	12.00 Noon	Lions Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006

The details of special resolutions passed by Company in last three Annual General Meetings are as under:

Date of AGM	Special Resolution Passed
September 26, 2017	<ul style="list-style-type: none"> <li>Reappointment of Mr. Arun S. Patel as an Independent Director of the Company</li> <li>Appointment of Mr. Shashin V. Patel as a Chairman and Managing Director of the Company for a period of three years.</li> <li>Reappointment of Mr. Nitin R. Patel as a Whole-time Director designated as an Executive Director of the Company</li> <li>Reappointment of Mr. Vasistha C. Patel as a Whole-time Director designated as an Executive Director of the Company</li> <li>Reappointment of Mr. Vikram R. Patel as a Whole-time Director designated as an Executive Director of the Company</li> <li>Approve the place of keeping and inspection of Registers, Returns etc</li> <li>Alteration of Articles of Association of the Company</li> </ul>
September 27, 2018	There was no special resolution passed in the 29 <sup>th</sup> Annual General Meeting.
September 25, 2019	<ul style="list-style-type: none"> <li>Reappointment of Mr. Vipul H. Patel as a Wholotome Director of the Company</li> <li>Reappointment of Mr. Mirat N. Bhadlawala as an Independent Director of the Company</li> <li>Reappointment of Mr. Atul N. Ruparel as an Independent Director of the Company</li> <li>Reappointment of Mr. Sandip V. Patel as an Independent Director of the Company</li> </ul>

#### Postal Ballot:

In the year F.Y. 2019-20, One (1) special resolution were passed through Postal Ballot on June 11, 2019. The details of resolution and results of Postal Ballot are as under:

Particulars of Resolution	No. of shares & % of votes cast in favour	No. of shares & % of votes cast against
Issue of Secured/Unsecured Non-Convertible Debentures and/or other Debt Securities on private placement basis.	146573492 (99.68)	464608 (0.32)

Mr. Ravi Kapoor, Practicing Company Secretary, was appointed as scrutinizer and has conducted the Postal Ballot for the aforesaid resolutions.

The procedures prescribed under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 were duly followed for conducting the postal ballot process for approving the resolutions mentioned above.

All of the aforesaid resolution were passed by the shareholders with requisite majority.

#### Unclaimed Shares lying in Demat Suspense Account:

In terms of Regulation 39(4) of the SEBI (LODR) Regulations, 2015 the Company reports the following details in respect of equity shares lying in the suspense account which were issued in demat form:

Sr. No.	Particulars	Number of Shareholders	Number of Equity Shares
i	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	1	350
ii	Number of shareholders who approached issuer for transfer of shares from suspense account during the year.	-	-
iii	Number of shareholders to whom shares were transferred from suspense account during the year.	-	-
iv	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	1	350
v	The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

Due intimation has been sent to the Investor and the company is in process of transferring the said shares to Investor Education and Protection Fund (IEPF) as per requirement of the Act.

## Other Disclosures

- A. The Company has complied with the requirements specified in Regulation 17 to 27, of the SEBI (LODR) Regulations, 2015.
- B. In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s), Promoter(s) and Employees including Senior Management Personnel of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.
- C. There are no materially significant related party transactions made by the Company with its promoters, directors or management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of Company at large.
- D. During the last three years, there were no strikes or penalties imposed by SEBI or Stock Exchanges or any statutory authority, for non-compliance of any matter related to the capital markets.

### C. Whistle Blower Policy

The Company has established a vigil mechanism called 'Whistle Blower Policy' In accordance with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 22 of the SEBI (LODR) Regulations, 2015 for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.

Accordingly, the Company has established a mechanism for employees vide 'Whistle Blower Policy' which seeks (i) to ensure greater transparency in all aspects of the Company's functioning by formulating a procedure to bring to the attention of Company incidents of improper-activities or violation of the company's Code of Conduct & Ethics for Board Members and Senior Management, and (ii) to provide for adequate safeguards against victimization of employees who avail of the mechanism.

All Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company. Whistle Blower by virtue of his/her having reported a Protected Disclosure under the policy is fairly protected.

All Protected Disclosures should be in writing and can be submitted by hand delivery, courier or by post addressed to the Chairman of the Audit Committee of the Company. The contact details of the Chairman of the Audit Committee are as under:

By Post: Chairman of Audit Committee

#### **Sadbhav Engineering Ltd.**

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

By e-mail: [WhistleBlower@sadbhav.co.in](mailto:WhistleBlower@sadbhav.co.in)

If Audit Committee through proper investigation process as described in policy to conclude through proper investigation that an improper or unethical act has been committed, the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as them deem fit.

### D. Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under Regulation 34(2)(e) of SEBI (LODR) Regulations, 2015.

### E. Subsidiary Companies

All the subsidiary companies of the Company (including step down subsidiaries) are managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As a majority of shareholders, the Company nominates its representative on the Boards of subsidiary companies and monitors the performance of such companies, inter alia, by the following means –

- (a) Financial Statements, in particular the investment made by the subsidiary companies are reviewed quarterly by the Audit Committee of the Company
- (b) All the minutes of the meeting of unlisted subsidiary companies are placed before the Company's Board regularly.
- (c) A statement containing all significant transactions and arrangements entered in to by the subsidiary companies is placed before the Company's Board.

Pursuant to provisions of Regulation 27 of SEBI (LODR) Regulations, 2015, The policy on Material Subsidiaries as approved by the Board is uploaded on the Company's website at the web [https://www.sadbhaveng.com/wp-content/uploads/2018/02/MATERIAL\\_SUBSIDIARY.pdf](https://www.sadbhaveng.com/wp-content/uploads/2018/02/MATERIAL_SUBSIDIARY.pdf)

#### **F. Disclosure of Related Party Transactions**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms' length pricing basis. The transactions with related parties are disclosed in Notes to the accounts (Note No. 49). The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the web link. [http://sadbhaveng.com/wp-content/uploads/2018/02/RELATED\\_PARTY\\_TRANSACTIONS1.pdf](http://sadbhaveng.com/wp-content/uploads/2018/02/RELATED_PARTY_TRANSACTIONS1.pdf) The Company in terms of Regulation 23 of SEBI (LODR) Regulations, 2015, submits within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges. The said disclosures can be accessed on the website of the Company at [www.sadbhaveng.com](http://www.sadbhaveng.com).

#### **G. Disclosure of Accounting Treatment**

In preparation of financial statements, the Company has followed the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

#### **H. Disclosure on Risk Management**

The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures. The company has framed the risk assessment and minimization procedure which is periodically reviewed by the Board to ensure that executive management controls risk through means of a properly defined framework.

#### **I. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): Not Applicable**

#### **J. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year i.e. 2019-20: Not Applicable**

#### **K. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**

Details relating to fees paid to the Statutory Auditors are given in Note No. 53 to the Standalone Financial Statements and Note no. 44 to the Consolidated Financial Statements.

#### **L. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

The details of number of complaints filed and disposed of during the year and pending as on March 31, 2020 is given in the Directors' report.

#### **Code of Conduct**

The Board has formulated a code of conduct for the Board Members and Senior Management of Company which has also been posted on the website of Company. All Board members and senior management personnel have affirmed their compliance with code. A declaration to this effect signed by the Vice Chairman - Non Executive Director of the Company is given as a part of the Annual Report.

#### **CEO/CFO Certificate**

The Chief Executive Officer and Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015. The Chief Executive Officer and Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (LODR) Regulations, 2015.

#### **Certificate from Statutory Auditor**

The Company has obtained a certificate affirming the compliances from M/s. Dhirubhai Shah & Co. LLP, Chartered Accountant, Statutory Auditor of the Company and the same is attached to this report.

#### **Certification from Company Secretary in Practices:**

M/s. Ravi Kapoor & Associates, Practicing Company Secretary, has issued a certificate as required under Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Companies by SEBI / Ministry of Corporate Affairs or any such statutory authority and the same certificate is attached to this report.

The Company has also filled the Secretarial Compliance Report for the financial year ended March 31, 2020 to the Stock Exchanges, in relation to compliance of all applicable SEBI Regulations/circulars/ guidelines issued thereunder, pursuant to requirement of Regulation 24A of SEBI (LODR) Regulation, 2015. The Secretarial Compliance Report does not contain any qualification, reservation or adverse remark.



## Means of Communication

- The quarterly financial results are sent to the Stock Exchanges immediately after the Board's approval. During the Financial Year 2019-20, Company has published its quarterly results as under:

Quarter	News Papers
Q1	Economic Times (English & Gujarati)
Q2	Economic Times (English) & Financial Express (Gujarati)
Q3	Economic Times (English & Gujarati)
Q4	Economic Times (English) & Jay Hind (Gujarati)

- The quarterly financial results are sent to the Stock Exchanges immediately after the Board's approval. During the Financial Year 2019-20, Company has published its quarterly / half yearly / annually financial results in leading newspaper one English language national daily newspaper (English Edition) and one daily vernacular language newspaper (Gujarati Edition).

The Company has its own website [www.sadbhaveng.com](http://www.sadbhaveng.com). Financial results on approval of the Board, presentations made to institutional investors or to the analysts, concall etc. are simultaneously hosted on website of the Company.

- All price sensitive information or clarifications on the decisions of the Board are communicated immediately to the Stock Exchanges for dissemination to the shareholders.
- Annual Reports containing inter alia Audited Annual Accounts, Directors' Report, Auditor's Report and other important information are circulated to the members and other entitled thereto.

The Company also submits electronically various compliances reports, announcements etc. from time to time in accordance with the SEBI (LODR) Regulations, 2015 with NSE & BSE on [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) through NSE Electronic Application Processing System (NEAPS) & BSE Listing Centre respectively and also on the website of the Company [www.sadbhaveng.com](http://www.sadbhaveng.com)

## General Shareholders Information

### 1. Annual General Meeting

<b>Date and Time</b>	: Tuesday, September 29, 2020 at 3.30 p.m.
<b>Venue</b>	: The Company is conducting meeting through Video Conference / Other Audio Visual Means pursuant to the MCA Circular dated 5th May, 2020 and as such there is no requirement to have a venue for the AGM.

2. **Financial calendar** : April 01, 2019 to March 31, 2020.

3. **Book Closure date** : Wednesday, September 23, 2020 to Tuesday, September 29, 2020 (both days inclusive)

4. **Dividend payment date** : N.A.

### 5. Stock Code

<b>Script Code at BSE</b>	: 532710
<b>Trading Symbol at NSE</b>	: SADBHAV
<b>ISIN No.</b>	: INE226H01026

### 6. Listing on Stock Exchanges :

**A: Equity Shares** :

Name of the Stock Exchange	Address
BSE Limited (BSE)	Floor 25, P.J. Towers, Dalal Street, Mumbai-400001
The National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai-400051

### **B: Debt Securities (Debentures)**

The following Redeemable Secured Non-convertible Debentures of the Company are listed on the **Wholesale Debt Market (WDM)** of the BSE.

INE226H07072 - NCDs of ₹ 10 Lakh each
INE226H07080 - NCDs of ₹ 10 Lakh each
INE226H07098 - NCDs of ₹ 10 Lakh each

### **C: Debenture Trustees : IDBI Trusteeship Services Limited**

Asian Bldg., Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001  
Tel: 022-40807018; Fax: 022-66311776  
Email: [anjalee@idbitrustee.com](mailto:anjalee@idbitrustee.com)  
Website: <http://www.idbitrustee.com>

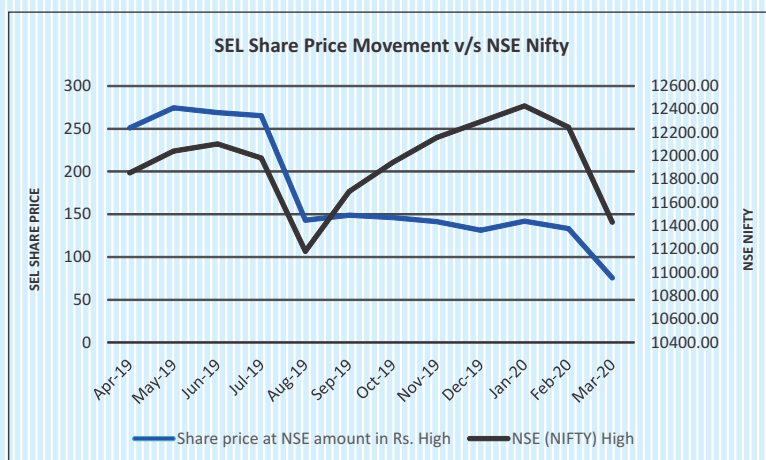
Note: Annual listing fees for the year 2020-21 have been paid to the BSE and NSE.

## 7. Credit Rating :

CARE has assigned CARE A2+ (A Two Plus) to Short Term Facilities / Commercial Papers and CARE A- (A Minus) to additional Long-term facilities and Non- Convertible Debentures of the Company. The details of Credit Rating are available on the website at [www.sadbhaveng.com](http://www.sadbhaveng.com)

## 8. Market price data (Face Value of ₹ 1)

Month	Share price at BSE amount in ₹		BSE Sensex		Share price at NSE amount in ₹		NSE (NIFTY)	
	High	Low	High	Low	High	Low	High	Low
Apr-19	252.3	226.8	39487.45	38460.25	251	226	11856.15	11549.1
May-19	274.4	206.25	40124.96	36956.1	274.45	207.15	12041.15	11108.3
Jun-19	268.5	237	40312.07	38870.96	269	237	12103.05	11625.1
Jul-19	265.65	138	40032.41	37128.26	265.4	138	11981.75	10999.4
Aug-19	142.8	105.05	37807.55	36102.35	143	109.2	11181.45	10637.15
Sep-19	148.4	131.2	39441.12	35987.8	149.05	130.95	11694.85	10670.25
Oct-19	144.3	125.4	40392.22	37415.83	146.05	125.1	11945	11090.15
Nov-19	140.3	114.2	41163.79	40014.23	141.5	114.7	12158.8	11802.65
Dec-19	131	103.1	41809.96	40135.37	131.2	109.8	12293.9	11832.3
Jan-20	142	108.55	42273.87	40476.55	141.9	108.25	12430.5	11929.6
Feb-20	133	67.05	41709.3	38219.97	133.15	67	12246.7	11175.05
Mar-20	75.05	28.3	39083.17	25638.9	75.6	26.8	11433	7511.1



9. **Registrar & Transfer Agents** : Link Intime India Private Limited  
 C-101,247 Park, L.B.S. Marg Vikhroli (West), Mumbai- 400 083  
 Contact: 022-49186270, Fax: 022-49186060  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in), Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## 10. Share Transfer System

Presently, the requests for transfer of shares which are in physical form are processed and share certificates returned within a period of 7 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board of Directors of the Company have delegated the powers of approving transfer of securities to the Company's Registrars and Transfer Agents under the supervision and control of the Company Secretary, subject to placing of summary statement of transfer/transmission of securities, etc. at the shareholders'/investors' grievance committee meetings. The Company obtains half-yearly compliance certificate from a Company Secretary in Practice under Regulation 40(9) of SEBI (LODR) Regulations, 2015 and files a copy of the said certificate with the Stock Exchanges.

Pursuant to SEBI (Depositories and Participants) Regulations, 1996, a certificate has also been obtained from a Practicing Company Secretary for timely dematerialization of the shares of the Company and for conducting Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company. The Company files copy of these certificates with the stock exchanges as required under the SEBI Listing Regulations.

## 11. Shareholding as on March 31, 2020

### a. Distribution of shareholding as on March 31, 2020

No. of shares	No. of shareholders	% to total	No. of shares held	% to total
1-500	22917	90.93	2433631	1.42
501-1000	1093	4.34	857101	0.50
1001-2000	540	2.15	802626	0.47
2001-3000	151	0.60	380509	0.22
3001-4000	86	.034	307695	0.18
4001-5000	76	0.30	360147	0.21
5001-10000	123	0.49	922356	0.54
10001 to 999999999	123	0.49	165506735	97.51
<b>Total</b>	<b>25703</b>	<b>100</b>	<b>171570800</b>	<b>100</b>

### b. Categories of shareholders as on March 31, 2020

Category	No. of shares	% to total
Promoters	80311244	46.81
Mutual Fund	38186620	22.26
Banks, Financial institutions, Insurance companies, Government companies	14243861	8.30
Other private corporate bodies	9366511	5.46
Indian Public	8112833	4.73
NRI / OCB	563426	0.33
Foreign Portfolio Investor (Corporate)	18979715	11.06
Independent Directors and Relatives of Directors	20840	0.01
Any others	1785750	1.04
<b>Total</b>	<b>171570800</b>	<b>100.00</b>

## 12. Dematerialization of shares and liquidity

99.99% of the Company's paid-up equity share capital has been dematerialized. Trading in equity shares of the Company is permitted only in dematerialized segment as per notification issued by the Securities & Exchange Board of India (SEBI).

## 13. Transfer of unclaimed dividend amount for the financial year 2011-2012 to Investor Education and Protection Fund

During the year under review, the Company has credited Rs. 2.93 lakhs amount being unclaimed dividend for the year 2011-2012 to the Investor Education and Protection Fund (IEPF) pursuant to rule 5(4) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

## 14. Transfer shares in respect of which dividend has not been claimed for seven consecutive years or more to the Investor Education and Protection Fund

During the financial year 2019-2020, company has transferred 2715 equity shares on which dividend has not been claimed for seven consecutive years or more to the Investor Education and Protection Fund ('IEPF Authority') as per statutory requirement.

## 15. SEBI Complaints Redress System (SCORES)

Investors complaints are processed on the centralized web based complaints redressal system. The salient features of the systems are Centralised Database of all Complaints, online upload of Action Taken Reports (ATRS) by the concerned companies and online viewing by investors of action taken on the complaints and their current status.

## 16. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

Company has no outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity as on 31st March, 2020.

## 17. Foreign Exchange Risk and Hedging Activities

The details of foreign exchange exposures as on 31st March, 2020 are disclosed in Note no. 3.13 of the Significant Accounting Policies to the standalone financial statements.

## 18. Work Shop

: At Village Ognaj, Tal. Daskroi, Dist. Ahmedabad

## 19. Address for Correspondence

: Mr. Tushar D. Shah, Company Secretary  
"Sadbhav" House, Nr. Havmor Restaurant, B/H Navrangpura Bus Stand,  
Navrangpura, Ahmedabad – 380009  
Phone: +91 79-40400400  
Fax: +91 79-40400444

## DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

In accordance with Regulation 17 (5) of the Listing Regulations, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March.

For **Sadbhav Engineering Limited**

Place: Ahmedabad  
Date: July 09, 2020

**Shashin V. Patel**  
Vice Chairman-Non Executive Director  
DIN: 00048328

## ***Certification on Financial Statements of the Company***

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We, Vasistha C. Patel, Chief Executive Officer (CEO) and Nitin R. Patel, Executive Director & Chief Financial Officer (CFO) of Sadbhav Engineering Limited ('the Company'), certify that:

We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2020 and that to the best of our knowledge and belief, we state that:

- a. (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. there are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies.
- d. We have indicated to the auditors and the Audit committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year.
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Date: July 09, 2020  
Place: Ahmedabad

**Vasistha C. Patel**  
Chief Executive Officer (CEO)

**Nitin R. Patel**  
Executive Director & CFO  
DIN: 00466330

## ***Auditor's Compliance Certificate on Corporate Governance***

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To,  
The Members of  
**Sadbhav Engineering Limited,**

We have examined the Compliance Conditions of Corporate Governance by Sadbhav Engineering Limited for the year ended on 31st March, 2020 as per Para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 01st April, 2019 to 31st March, 2020. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The Compliance of Conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has materially complied with the conditions of Corporate Governance as stipulated Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For, Dhirubhai Shah & Co LLP**  
Chartered Accountants  
FRN: 102511W/W100298

Place: Ahmedabad  
Dated: September 02, 2020

**Harish B. Patel**  
Partner  
Membership No: 014627  
ICAI UDIN: 20014427AAABNI8275

# Management Discussion & Analysis

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## CAVEAT

Certain statements in this report are “forward-looking statements” that reflect management’s expectations regarding Sadbhav Engineering’s future growth, results of operations, performance and business prospects and opportunities. These forward-looking statements are presented for the purpose of assisting the stakeholders and financial analysts in understanding the Company’s operating environment and may not be appropriate for other purposes. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. However, such forward-looking statements involve a certain number of risks and uncertainties, including those discussed under the heading “Risks and Uncertainties” and elsewhere in this report. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the forward-looking statements contained in this report are based on what management believes to be reasonable assumptions, Sadbhav Engineering Limited can not assure investors that actual results will be consistent with these forward looking statements. Actual results, performances, achievements or subsequence of events may differ materially from those expressed or implied. The case of data and information external to the Company, though the same are based on sources believed to be reliable, no representation is made on its accuracy or comprehensiveness. Therefore, all concerned are requested to caution themselves from putting undue reliance on these statements and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regards to their own specific objective.

Furthermore, the discussion following herein reflects the perception on major issues that could influence the Company’s operations’ substantial downside risks are as on date and the opinions expressed herewith are subjected to change without prior notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this report, consequent to any new information, future events or otherwise. Hereby, we at Sadbhav Engineering Limited present our report for the financial year 2019-20.

## ABOUT SADBHAV ENGINEERING LIMITED

Founded in 1988, SEL is a stalwart in the construction industry and has been contributing to the nation building by executing many landmark projects like roads and highways, bridges, mining and irrigation supporting infrastructure across the country. SEL is also listed on both National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). With a robust order pipeline of ₹ 8,372 crores and having esteemed clients like NHAI, Coal India, GIPCL, GHCL, L&T, HCC, Punj Lloyd, Sardar Sarovar Narmada Nigam etc., SEL has consolidated its operations by overcoming challenges like policy changes, geopolitical uncertainties, changing economic forecasts and growth scenario. The Company has proposed the merger with its subsidiary M/s Sadbhav Infrastructure Private Limited to consolidate its operations.

## 1. GLOBAL ECONOMIC OVERVIEW

COVID-19 has delivered an enormous global shock, leading to steep recessions in many countries. Global growth is projected at - 4.9 percent in 2020, 1.9 percentage points below April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic is going to have a more negative impact on activities in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecasted. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6.5 percentage points lower than in the pre-COVID-19 projections of January 2020. Many countries have provided large-scale macro economic support to alleviate the economic blow, which has contributed to a recent stabilization in financial markets. Central banks in advanced economies have cut policy rates and taken other far-reaching steps to provide liquidity and to maintain investor confidence.

## 2. PANAROMA OF INDIAN ECONOMIC SITUATIONS

The World Bank expects India's economy to contract 3.2% in the current fiscal year, a sharp downgrade from its earlier projection of 1.5%-2.8% growth, citing stringent lockdown and spillovers from weaker global growth. The latest report expects the economy to make a modest recovery to 3.1% growth in the next fiscal year, in comparison to the 6.1% expansion projected earlier. Unlike any other previous economic downturn, the economy has witnessed new normal redefining how the people interact, move, transact and transport. It is mainly because of the virus transmission in India and other countries, optimistic medical intervention, effective social distancing in workplaces and lockdown norms and survival of physical and (firm-specific) human capital through COVID-19 regime. Higher government borrowing (by approximately 39%) is being matched by higher private saving (by approximately 30%).

Nevertheless, a number of things have changed over the last few months and some have been comparatively good. A positive base effect along with the impact of reforms and stimulus package announced by the government will boost growth next fiscal year. In fact, the government of India reacted fairly quickly to COVID-19 crisis not only by entry checks at airports and imposing stricter lockdown to contain it, the government has also taken apt fiscal measures to avert the adverse impacts on economy. Moreover, it has infused a confidence in the markets through its Atmanirbhar Bharat initiative which focuses on supporting local products and services. The agricultural growth had surpassed overall economic growth during the last two quarters of 2019-20, in real as well as nominal terms after factoring in inflation.

### 3. OUTLOOK OF OPPORTUNITIES AND STRENGTHS

#### Roads and Highways

Indian road network is the second largest in the world and spanning a total of 5.89 million kilometres (kms), transports 64.5 per cent of all goods in the country and 90 per cent of India's total passenger traffic uses road network to commute. Highway construction in India increased at 21.44 per cent CAGR between FY16-FY19. In FY19, 10,855 km of highways were constructed, and the Government has set a target for constructing 12,000 kms of national highways in FY20. In March 2020, NHA (National Highways Authority of India) accomplished the highest ever highway construction of 3,979 kms. To give boost to the infrastructure building, government put extra thrust to fast track the major projects during early unlock period post-lockdown. In April 2020, the Government set a target of constructing roads worth ₹ 15 lakh crore (US\$ 212.80 billion) in the next two years. The Ministry of Road Transport & Highways is expected to award road projects with a total length of around 4,500 kms worth ₹ 50,000 crore (US\$ 7.15 billion) in 2020. To widen and revamp 1.25-lakh km of roads, Government of India has approved the launch of Phase-III of its rural road programme Pradhan Mantri Gram Sadak Yojana (PMGSY). PMGSY-III is envisaged to upgrade 1,25,000 kms of road length over the next five years at an estimated cost of ₹ 80,250 crore (US\$11.48 billion). Under the Union Budget 2020-21, the Government has allocated ₹ 91,823 crore (US\$ 13.14 billion) under the Ministry of Road Transport and Highways. Also, 30,000 km of PMGSY roads being built using Green Technology, Waste Plastic and Cold Mix Technology, thereby reducing carbon footprint.

Your Company is committed to achieve the national objective of building robust infrastructure and make country race ahead on super-highway of growth and development.

#### Irrigation

The Central Government has announced the allocations in the budget for the water and sanitation sector. It aims to achieve the Sustainable Development Goal (SDG) 6 of ensuring availability and sustainable management of water and sanitation for all. As per the economic survey, water deficient, cultivable waste land and undulating land areas can be brought under cultivation due to ease of irrigation. To achieve the objectives of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), Government of India had set budget targets of ₹ 7895 crore during 2019-20 and ₹ 11126 crore during 2020-21 in the union budget. Under separate schemes of Namami Gange Project, Government has kept budget of ₹ 800 crore for 2020-21 and ₹ 840 crore budget in 2020-21 for National River Conservation Projects.

Under the Jal Jivan Mission (JJM) scheme, India launched the programme to provide piped water connections (at 55 litres per head per day) to 14.6 crore rural households by 2024. An amount of ₹ 3.6 lakh crore (with a Central share of ₹ 2.08 lakh crore) has been approved for this scheme over the five year period. During 2020-21 (Table 1), an allocation of ₹ 11,500 crore (15% more than the revised estimate for 2019-20) for connecting 1.15 crore household through functionally piped connections in rural areas, has been made. Under this programme, source sustainability measures for augmenting water supply through rainwater harvesting and groundwater recharge, and management of greywater for reusing wastewater have been envisaged. India's water usage is highest in the irrigation sector (80%) and its efficiency is only 38%. Budget 2020-21 allocated ₹ 4,000 crore, which is almost double the 2019-20 amount and is substantial.

#### Mining

Mining Industry is the core sector contributing to the country's GDP and provides essential resources vital to keep economy growing. India is the third largest coal producer, third largest steel producer, fourth largest Iron-ore producer globally and has the fifth largest Bauxite reserves in the world. Coal production in the country stood at 729.10 MT in FY20 and reached 55.42 MT in FY21 (till April 2020). The index of mineral production was 132.7 in March 2020. Mining group under Index of Industrial Production (IIP) stood at 109.7 for FY20, witnessing a growth of 1.7 per cent y-o-y. The industry has the potential to contribute 6%-7% to National GDP but on account of regulatory constraints, this contribution has remained limited to close to 2%. With barely 20% of reserves mined, India presents a major opportunity for investors. The recent amendment to the MMDR Act has brought in reforms and transparency to the mining industry in India. Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in the mining sector and exploration of metal and non-metal ores under the automatic route, which will propel growth in the sector. Power and cement industries also aiding growth in the metals and mining sector. Given the strong growth expectations from residential and commercial building industry, demand for iron and steel is set to grow.

### 4. RISKS & ITS MITIGATION:

The management of company has identified risks in two categories i.e. (1) Internal and Business Risk and (2) External Risk.

Internal and Business Risks: These are the risks that arise out of processes which are managed internally.

- (1) The successful completion of projects also depends upon the performance of entire value chain that includes our joint-venture partners and/or sub-contractors. Therefore, before entering into any such agreement, we thoroughly analyse their credentials and maintain real time monitoring through systems like SAP S/4 HANA. Irrespective of the partner's and/or contractor's status of association (old as well as new), we always insist on having a performance guarantee and quality assurance from our collaborators.
- (2) Various situations such as; cost overrun of projects due to problems of land acquisitions, removal of encroachment, compliance with environmental standard, penalty for delay in completion of the project in time, insurance coverage and other provisional measures may not adequately protect us against all possible risk of losses. Therefore, we elaborately plan to execute all our projects before the scheduled time. Also, we have contractor's all risk insurance policy and workmen's compensation policies as a precautionary measure at our disposal. We take Advance Loss of Profit (ALOP) Policy for each project and always appoint an Insurance Consultant / Professional to assess all at stake.

- (3) The estimates of increase of raw materials for BOT projects are made at the time of bidding, since there is no provision for cost escalations. However, our vast experience in the infrastructural sector enables us to keep the associated risks to a minimum.
- (4) With respect to risk of shortage in supply of raw materials, we ensure continuous supply of raw-materials through our supply value chain by entering into long term arrangement with our suppliers before every single project.
- (5) Preventive Maintenance is less costlier than the non-maintenance or break-down costs of equipment that cause a major hindrance in complete execution of projects. Therefore, our team of technical experts regularly overhauls and repairs the machines, thereby minimising the chances of any break-downs. We also set up mechanical divisions at each project site, wherein the regular maintenance and interim repairs are undertaken.
- (6) Mishandling of machines and equipment can result in being a liability. Therefore, we have Standard Operating Procedures (SOPs) in place and have designed training programmes for handling the sophisticated equipment and machinery used at our project sites. We have taken insurance coverage for any mishap claims that may arise under the Workman's Compensation Act.
- (7) Any negligence in employees' health, safety and regulatory measures can affect our performance. We, therefore, have an HSE Policy monitored and adhered religiously by central HR Team. In case of mining projects, we are required to provide a proper medical certification under the Medical Certificate Form 'O' as prescribed by DGMS. All employees are, thereby, sufficiently covered by Workman Compensation Insurance. We also provide the employees with necessary safety gadgets such as helmets, boots, and more.
- (8) Being a broad organisation with personnel in abundance, we have strong systems to ensure minimal dependence on any individual. Our operations may suffer a temporary setback if any of our key managerial personnel were to leave. Therefore, successful completion of projects is ensured by properly planning the delegation of work and succession planning among teams.
- (9) Sadbhav uses a mix of debt and equity to finance its fund requirements as it needs substantial working capital and financing to meet the requirements of large scale operations. Over the years, we have built a healthy relationship with our lenders which consolidate the difficulty in the process of obtaining debt for our business needs.

**External Risks:**

Risks that arise out of changes in the external environment are classified under this head. These are mostly outside our control. E.g. changes in interest and exchange rates, increase in material cost, and various others. Our efforts has always been in taking proactive measures to mitigate these by creating sufficient barriers in the pricing, making suitable provisions in books, and providing insurance cover upon entering derivative transaction for hedging our obligation in foreign currencies.

Any further change in government policies, tax structure, geopolitical and political situation, and civil disturbances may have adverse effect on SEL's business. Mitigation of insurance coverage for natural risks (for example: adverse weather condition, fire, floods, and earthquakes) has been worked. A manifold competition from large national as well as international organisations and deviation from estimated traffic volume is also an area of concern for the Company.

This risk management exercise identifies risks, and also mitigates risks to an acceptable level. Your Company has risk management policies to manage and overcome these risks to ensure smooth functioning of its business operations which are reviewed periodically by the Directors of the Company. Being infrastructure project company, your company is also subject to high risk of delay in the projects due to land acquisition issues or rising land acquisition costs adversely impacting the total project costs.

**Risk Mitigation:**

Identifying risk is an important first step. It is not sufficient though. Taking steps to deal with risk is an essential step. Knowing about and thinking about risk is not the same as doing something about risk. Your Company is aware of such risks, and all our strategies, policies and SOPs (Standard Operating Procedures) have been designed with risk mitigation as an intrinsic element. This approach helps to avert undesirable situations to arise rather than troubleshooting later. Our equipment maintenance policies designed to avoid the project delays due to break down, procurement policies are framed to mitigate the sudden hikes in the procurement or acquisition costs. We meticulously study each and every contract, document or legal paper to avoid litigations later. Our financial strategies have been formulated keeping in view the long term and short term financial risks. Our top management, investor communication and corporate communication professionals meticulously plan communication with stakeholders, government and public to avert the reputation risk. Before entering into any joint venture agreement we thoroughly analyse the prospective venture partners' past performances and credentials. We plan elaborately to execute all our projects before the scheduled time. We have a proven track record of completing work within the stipulated time. Work without stoppages or no significant labour disruptions during its operational history was paved way for by our extensive employee welfare scheme which looks after their health and safety. We have taken contractor's all risk insurance policy in respect of projects and workmen's compensation polices to protect against losses caused to workmen through accident. Most of the critical work during the operation period is done by us and only very minimal portion of the work is sub-contracted. We always insist to have a performance guarantee and quality assurance from them. As a company, our ability to foresee and manage business risks plays a crucial role in achieving positive results even from the downturn of economic situations. We also regularly conduct third audits of the toll management systems and toll collection systems in order to identify lacunas and improve our operational performance.

**5. SEGMENT WISE PERFORMANCE**

As on March 31, 2020 the Company has a reportable business segment of construction, engineering and infrastructure development on Stand Alone basis. A segment wise performance on consolidated basis is given in the note no. 55 to the consolidated financial statements.

## 6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

An internal control for business processes across departments is required to not only ensure efficient operations but to also comply with internal policies, applicable laws and regulations, protection of resources and assets as well as accurate reporting of the financial transactions. Aiding the effectively of this system of internal control is extensive internal audits, regular reviews by the management team and standard policies and guidelines to ensure the reliability of financial and all other records. Therefore, the ERP-SAP system of the company, which is already operative, was established. It connects all the project sites with the corporate office by providing real time information to the top management of the Company. Ideation to centralise the entire data process is being acted upon by Sadbhav Engineering Limited so as to assure transparency to each and every stakeholder of the Company.

## 7. FINANCIAL OVERVIEW – STANDALONE

### (a) Income Analysis:

The Company's revenues for the current year stood at ₹ 2251.66 crores as against ₹ 3549.23 crores in the previous year, thereby registering an decrease of 36.55 %.

### (b) Expense Analysis:

#### Manufacturing and Construction expenses

Material consumed for the year ended March 31, 2020 amounted to ₹ 378.37 crores, construction expenses decreased from ₹ 2852.11 crores incurred during 2018-19 to ₹ 1735.02 crores in the year 2019-2020.

#### Depreciation, Interest and Finance cost

Depreciation during 2019-20 amounted to ₹ 108.45 crores as against ₹ 95.76 crores recorded in 2018-19. Finance cost increase from ₹ 174.92 crores in 2018-19 to ₹ 194.12 crores in 2019-20.

### (c) Profit Analysis:

Profit Before Tax during 2019-20 stood at ₹ 92.73 crores as against ₹ 257.53 crores recorded during 2018-19. Profit after tax for 2019-20 stood at ₹ 85.15 crores as compared to ₹ 186.85 crores during 2018-19.

### (d) Net Worth:

The company also saw a rise in the Net worth from ₹ 2033.67 crores in 2018-19 to ₹ 2103.98 crores in 2019-20.

### Key Financial Ratios: Stand Alone Basis

FINANCIAL RATIOS	FY 2020	FY 2019
Debtors Turnover	1.29	2.28
Inventory Turnover	15.29	19.81
Interest Coverage Ratio	2.04	3.02
Current Ratio	1.33	1.69
Debt Equity Ratio	0.50	0.50
Operating Profit Margin	4.12%	7.26%
Net Profit Margin	3.93%	5.26%
Return on Networth	4.21%	9.00%

### Consolidated Financial

On consolidated basis, the Total revenue stood at ₹ 3862.15 crores during the financial year under review as compared to ₹ 5504.62 crores in the previous year, Profit before tax was ₹ 1206.31 crores as compare to profit of ₹ 79.07 crores in the previous year and Profit after tax was ₹ 1106.25 crores as compare to loss of ₹ 54.08 crores in the previous financial year. Net worth of the Company stand to ₹ 1600.68. crores as of 31st March, 2020 as compared to ₹ 835.00 crores as on 31st March, 2019.

## 8. DEVELOPMENT OF HUMAN RESOURCE

Employees are one of the most important stakeholders for Sadbhav Engineering Limited. Sadbhav considers its Human Capital as its core strength in achieving the sustainable growth path charted by our strategic apex. Sadbhav is among a very few companies having implemented SAP S4 HANA, world renowned system to manage payroll & HR activities. We have systems in place for identifying the right talent, training them, performance management, monitoring, appraisals, rewards and recognitions for our employees. Our policy entails all our employees to the benefits like Medical Expense, Provident Fund, Gratuity, and Leave Travel Allowance etc. We frequently organise medical check-up camps and safety training, mock drills across all project sites as per our health and safety policy. A dedicated Human Resource team at Sadbhav Engineering Limited, keep on engaging with employees at sites and address their concerns. We put major thrust on ergonomics for their comfort while they perform their duties and invest in latest technologies and amenities as well as safety gadgets. We continuously upgrade employees' skills and knowledge to keep them updated on the best practices from across the world. Our growth strategy and value driven approach and congenial environment has led us build an excellent team. We are 3423 people strong organization as on March 31, 2020.



# Independent Auditor's Report

To,  
The Members of  
**Sadbhav Engineering Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Sadbhav Engineering Limited ("the Company"), which comprises of the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including other comprehensive income), and the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 financial statements 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 opinion on the standalone financial statements.

### Emphasis of Matter

We draw attention to Note 55 of the accompanying standalone financial results, as regards the management's evaluation of COVID-19 impact on the operations and assets of the Company. Our report is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Response to Key Audit Matter
<p><b>A. Recognition of revenue from construction services (refer note no 3.1(a) of the standalone financial statements).</b></p> <p>Revenue of the company is mainly from Construction Contracts. Revenue from these contracts are recognized over a period of time in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers.</p> <p>Due to the nature of the contracts, revenue recognition involves usage of percentage of completion method which is determined by survey of work performed, which involves significant judgments, identification of contractual obligations and the Company's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price and recognition of the liability for loss making contracts/onerous obligations.</p> <p>Revenue recognition involves aforesaid significant judgement and estimation. We therefore determined this to be a key audit matter.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Read the accounting policy for revenue recognition of the Company.</li> <li>• Obtained an understanding of the Company's processes and controls for revenue recognition process, evaluated the key controls around such process and tested those controls for the operating effectiveness.</li> <li>• Performed tests of details, on a sample basis, and inspected the underlying customer contracts and relevant supporting documents. Also on sample basis, inspected the relevant underlying documents i.e. Request for inspection (RFI) and Daily progress Report (DPR).</li> <li>• Sample of revenue disaggregated by type and service offerings was tested with the performance obligation specified in the underlying contracts. We assessed the management's evaluation for the status of completion for projects.</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> <li>• Performed analytical audit procedures for reasonableness of revenues disclosed by type and service offering.</li> <li>• Assessed the relevant disclosures made by the company in accordance with Ind AS 115.</li> </ul> <p><b>Conclusion</b></p> <p>Based on the procedures performed above, we did not find any material exceptions with regards to adoption of Ind AS 115 and timing of revenue recognition.</p>

<p><b>B. Inventory valuation</b></p> <p>Reference may be made to note 3.16 of significant accounting policies to the financial statements of the Company.</p> <p>Under Ind AS 2 Inventories, the valuation of raw material and other supplies have been an area of our focus being prime cost center of the Company. The valuation of finished goods has also been focused upon being of a material amount.</p> <p>Valuation of Inventory in accordance with Ind AS 2 has thus been considered as a key audit matter.</p>	<p>Our audit procedures comprised of the following:</p> <ol style="list-style-type: none"> <li>1. We have verified the maintenance of Stock Records with respect to construction materials and store and space material and Inventory has being verified physically by management at year end and no material discrepancies have reported that need to be dealt with the books of accounts.</li> </ol> <p>We have selected a sample of items of construction materials and other supplies to check whether the rate per unit adopted for valuation is reflective of the last purchase rate (Realizable price).</p> <p>However, due to the COVID-19 related lock-down we were not able to participate in the physical verification of inventory that was carried out by the management prior to the year end. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Standalone Financial Results.</p> <p><b>Conclusion</b></p> <p>Based on the procedures performed above, we have concluded that management has complied with the requirements of Ind AS 2 "Inventories".</p>
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**Information Other than the Standalone Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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 implementation and maintenance of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

**Auditors’ Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 these financial statements.

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 financial statements, 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)(l) of the Act, we are also responsible for expressing our opinion on 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 management.
- Conclude on the appropriateness of 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 financial statements 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. In our opinion and based on the consideration of reports of, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - h. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact, wherever necessary, of pending litigations on its financial position in its financial statements;
    - ii. the Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place : Ahmedabad  
Date : July 9, 2020  
UDIN: 20014427AAABFH7110

**For DHIRUBHAI SHAH & CO LLP**  
Chartered Accountants  
Firm's Registration Number: 102511W / W100298

**Harish B. Patel**  
Partner  
Membership No. 014427

## Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2020, we report that:

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a regular program of physical verification of its fixed assets. In accordance with this program, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified at reasonable intervals. No material discrepancies were noticed on such verification.
- (iii) As informed to us, the Company has granted unsecured loans to its subsidiary company which is covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
  - a. In our opinion, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
  - b. The borrower has been regular in the payments of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand except interest free term loan of Rs. 7795.63 lakh which is repayable after eleven years from the date of term loan agreement dated 22nd October, 2014.
  - c. There is no outstanding balance of principal and interest which is overdue for more than 90 days, hence, reporting under this clause is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of cost records under section 148(1) of the Act. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, Goods and Service Tax (GST) and any other statutory dues with the appropriate authorities except TDS and GST where there were delays noticed in payment of cited undisputed statutory dues.
 

According to the information and explanations given to us, in our opinion no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Central Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Goods and Service Tax and other statutory dues applicable to it were in arrears as at the balance sheet date for a period of more than six months from the date they became payable except Labour Cess of Rs. 166.88 Lakhs.

  - (b) According to the information and explanations given to us and records of the company examined by us, the following dues of income tax, Service Tax, VAT and Land compensation as at March 31, 2020 which have not been deposited by the Company on account of any disputes.

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Forum where Dispute is pending	Amount (₹ in lakhs)
1	The Finance Act, 1994	Service Tax	2007-08 and 2008-09	CESTAT, Ahmedabad	545.05
2	The Finance Act, 1994	Service Tax	2005-06	Supreme Court of India	67.29
3	The Income Tax Act, 1961	Income Tax	2004-05 to 2006-07	The High Court, Gujarat	212.68
4	The Income Tax Act, 1961	Income Tax	2006-07 to 2010-11	ITAT, Ahmedabad	2506.23
5	The Income Tax Act, 1961	Income Tax	2011-12	ITAT, Ahmedabad	269.36
6	The Income Tax Act, 1961	Income Tax	2012-13	ITAT, Ahmedabad	836.74
7	The Income Tax Act, 1961	Income Tax	2013-14	ITAT, Ahmedabad	1048.50
8	Jharkhand Value Added Tax Act, 2005	VAT	2010-11	Commissioner Appeal (Commercial Tax), Jharkhand	77.40
9	Jharkhand Value Added Tax Act, 2005	VAT	2011-12	Commissioner Appeal (Commercial Tax), Jharkhand	152.83
10	Gujarat Value Added Tax Act, 2003	VAT	2018-19	Gujarat Value Added Tax Tribunal	321.96
				<b>TOTAL</b>	<b>6038.04</b>

- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans to bank and debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For DHIRUBHAI SHAH & CO LLP**

Chartered Accountants

Firm's Registration Number: 102511W / W100298

Place : Ahmedabad

Date : July 9, 2020

**Harish B. Patel**

Partner

Membership No. 014427

UDIN: 20014427AAABFH7110

## Annexure - B to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sadbhav Engineering Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DHIRUBHAI SHAH & CO**

Chartered Accountants

Firm's Registration Number: 102511W / W100298

Place : Ahmedabad

Date : July 9, 2020

**Harish B. Patel**

Partner

Membership No. 014427

UDIN: 20014427AAABFH7110

# BALANCE SHEET as at March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>I ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Property, Plant & Equipments	4	39591.62	48966.27
(b) Capital Work in Progress	4	376.91	326.09
(c) Right to Use Assets	4	3271.49	0.00
(d) Intangible Assets	4	172.25	425.12
(e) Financial Assets			
(i) Investments	5	55800.80	60937.11
(ii) Trade Receivables	6	18967.25	8648.99
(iii) Loans	7	47044.38	72472.25
(iv) Other Financial Assets	8	266.44	730.22
(f) Deferred Tax Assets	9	11100.43	9938.13
(g) Other Non Current Assets	10	4231.03	2002.05
		<b>180822.60</b>	<b>204446.23</b>
<b>(2) Current Assets</b>			
(a) Inventories	11	14724.75	17917.21
(b) Financial Assets			
(i) Trade Receivables	12	174341.45	155509.84
(ii) Cash and cash Equivalents	13	2130.53	3457.61
(iii) Bank balance other than (ii) above	14	10183.78	2578.96
(iv) Loans	15	703.21	0.00
(v) Other Current Financial Assets	16	42509.26	36278.18
(c) Current Tax Assets	17	11247.33	9681.49
(d) Other Current Assets	18	26920.28	29902.68
		<b>282760.59</b>	<b>255325.97</b>
<b>Total Assets</b>		<b>463583.19</b>	<b>459772.20</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity & Share Capital	19	1715.71	1715.71
(b) Other Equity	20	208682.77	201651.21
		<b>210398.48</b>	<b>203366.92</b>
<b>(2) Liabilities</b>			
(i) Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	38883.16	63951.38
(ii) Other Financial Liabilities	22	1597.21	552.93
		<b>40480.37</b>	<b>64504.31</b>
(ii) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	68022.57	73058.14
(ii) Trade Payables	24	55292.34	43526.39
(iii) Other Financial Liabilities	25	41960.75	41060.34
(b) Other Current Liabilities	26	47088.95	33983.71
(c) Provisions	27	339.70	272.39
		<b>212704.34</b>	<b>191900.97</b>
<b>Total Equity &amp; Liabilities</b>		<b>463583.19</b>	<b>459772.20</b>

Summary of Significant Accounting Policies 1 to 3  
The accompanying notes are an integral part of the financial statements.

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**  
Chartered Accountants  
Firm Regn. No. 102511W / W100298

**Harish B. Patel**  
Partner  
Membership No. 014427

Place: Ahmedabad  
Date : 09/07/2020

For and on behalf of Board

**Shashin V. Patel**  
Vice Chairman-Non Executive Director  
DIN : 00048328

**Vasistha C. Patel**  
Chief Executive Officer(CEO)

**Nitin R. Patel**  
Executive Director & CFO  
DIN : 00466330

**Tushar D. Shah**  
Company Secretary

## Profit and Loss Statement for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	2019-20	2018-19
I Revenue from Operations	28	225166.02	354923.16
II Other Income	29	11584.73	10030.78
<b>III Total Revenue (I+II)</b>		<b>236750.75</b>	<b>364953.94</b>
<b>IV Expenses :</b>			
Cost of Material Consumed	30	37837.17	76916.69
Changes in Inventories of finished goods, Work-in-Progress and Stock-in-trade	31	0.00	0.00
Construction Expenses	32	135665.26	208294.49
Employee Benefits Expense	33	14715.31	16757.62
Finance Cost	34	19411.74	17492.32
Depreciation and Amortization Expense		10844.88	9576.01
Other Expenses	35	9002.89	10163.75
<b>Total Expenses</b>		<b>227477.25</b>	<b>339200.88</b>
<b>V Profit Before Exceptional Items and Tax (III-IV)</b>		<b>9273.50</b>	<b>25753.06</b>
VI Exceptional Item		1701.44	76.44
<b>VII Profit Before Tax (V+VI)</b>		<b>10974.94</b>	<b>25829.50</b>
VIII Tax Expense			
(1) Current Tax		3621.74	7140.60
(2) Deferred Tax Expense/(Income) including MAT Credit Entitlement (refer note no. : 37)		(1162.30)	3.89
(3) Short/(Excess) Provision for taxation for earlier years		0.00	0.00
<b>IX Profit for the year (VII-VIII)</b>		<b>8515.50</b>	<b>18685.01</b>
X Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans (refer note no. : 36.8)		334.49	(30.50)
Net Comprehensive Income to be reclassified to profit or loss in subsequent periods:		<b>334.49</b>	<b>(30.50)</b>
<b>Total Comprehensive Income for the year</b>		<b>8849.99</b>	<b>18654.51</b>
<b>XI Earning per Equity Share (in Rupees)</b>			
Profit attributable to equity shareholders		8849.99	18654.51
Weighted Average number of equity shares outstanding during the year (refer note 38)			
Nominal value of equity share		1.00	1.00
Basic and Diluted Earning per Share (EPS)		4.96	10.89

Summary of Significant Accounting Policies 1 to 3

The accompanying notes are an integral part of the financial statements.

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**

Chartered Accountants

Firm Regn. No. 102511W / W100298

**Harish B. Patel**

Partner

Membership No. 014427

Place: Ahmedabad

Date : 09/07/2020

For and on behalf of Board

**Shashin V. Patel**

Vice Chairman-Non Executive Director

DIN : 00048328

**Vasistha C. Patel**

Chief Executive Officer(CEO)

**Nitin R. Patel**

Executive Director & CFO

DIN : 00466330

**Tushar D. Shah**

Company Secretary



## Statement of Changes in Equity for the year ended March 31, 2020

### A Equity Share Capital

Particulars	Balance at the beginning of the reporting period	Changes in Equity Share capital during the year	Balance at the end of the reporting period
As on March 31, 2020	1715.71	0	1715.71
As on March 31, 2019	1715.71	0	1715.71

### B Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus					Total
	Capital Reserve	Security Premium Reserve	Debenture Redemption Reserve	General Reserve	Retained Earning	
As at April 01, 2018	345.00	62,994.55	2,520.00	18,640.18	1,00,463.36	1,84,963.09
Total Comprehensive Income for the year	-	-	-	-	18,685.02	18,685.02
Other Comprehensive Income (OCI)	-	-	-	-	(30.50)	(30.50)
Dividends (including tax on dividend)	-	-	-	-	(1,966.40)	(1,966.40)
Transfer from (to) General Reserves	-	-	2,430.00	-	(2,430.00)	-
Transfer to Security premium account	-	-	-	-	-	-
Addition to the reserves	-	-	-	-	-	-
<b>As at March 31, 2019</b>	<b>345.00</b>	<b>62,994.55</b>	<b>4,950.00</b>	<b>18,640.18</b>	<b>1,14,721.48</b>	<b>2,01,651.21</b>
As at April 01, 2019	345.00	62,994.55	4,950.00	18,640.18	1,14,721.48	2,01,651.21
Total Comprehensive Income for the year	-	-	-	-	8,515.54	8,515.54
Other Comprehensive Income (OCI)	-	-	-	-	334.49	334.49
Dividends (including tax on dividend)	-	-	-	-	(1,818.47)	(1,818.47)
Transfer from(to) General Reserves	-	-	(3,000.00)	3,000.00	-	-
Transfer to Security premium account	-	-	-	-	-	-
Addition to the reserves	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>345.00</b>	<b>62,994.55</b>	<b>1,950.00</b>	<b>21,640.18</b>	<b>1,21,753.04</b>	<b>2,08,682.77</b>

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**

Chartered Accountants

Firm Regn. No. 102511W / W100298

**Harish B. Patel**

Partner

Membership No. 014427

Place: Ahmedabad

Date : 09/07/2020

For and on behalf of Board

**Shashin V. Patel**

Vice Chairman-Non Executive Director

DIN : 00048328

**Vasistha C. Patel**

Chief Executive Officer(CEO)

**Nitin R. Patel**

Executive Director & CFO

DIN : 00466330

**Tushar D. Shah**

Company Secretary

## Cash Flow Statement for the year ended on 31.03.2020

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
Net Profit after Tax as per Profit and loss account	8515.50	18685.01	
Adjustments For :			
Interest Income	(10331.56)	(7279.87)	
Interest Expenses	19411.74	17492.32	
Depreciation & Amortisation	10844.88	9576.01	
Profit on sale of Property, Plant & Equipments	219.75	112.45	
Loss on sale of Property, Plant & Equipments	(300.69)	(135.49)	
Assets Written off	311.28	656.34	
Actuarial Gain/Loss	334.49	(30.50)	
Exceptional Item	(1701.44)	0.00	
Income Tax Provision	3621.74	7140.60	
Deferred Tax Liabilities/(Assets) including MAT Credit	(1162.30)	3.89	27535.75
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>29763.39</b>	<b>46220.76</b>	
Adjustment For :			
(Increase)/Decrease of Long Term Trade Receivables	(10318.26)	(5061.71)	
(Increase)/Decrease of Trade Receivables	(18831.61)	3707.74	
(Increase)/Decrease of Other Current Assets	2982.41	(11834.80)	
(Increase)/Decrease of Other Current Financial Assets	(6231.08)	3879.08	
(Increase)/Decrease of Other Non Current Assets	(2228.98)	(518.45)	
(Increase)/Decrease of Other Non Current Financial Assets	463.78	(175.02)	
(Increase)/Decrease of Inventories	3192.46	(1491.89)	
(Increase)/Decrease of Other Bank Balances	(7087.15)	(3163.46)	
Increase/(Decrease) of Other Long Term Financial Liabilities	1044.28	(278.07)	
Increase/(Decrease) of Trade Payables	11765.95	(16374.42)	
Increase/(Decrease) of Other Current Liabilities	13105.27	10945.15	
Increase/(Decrease) of Other Non Current Liabilities	0.00	0.00	
Increase/(Decrease) of Other Current Financial Liabilities	1845.07	1457.38	
Increase/(Decrease) of Short Term Provision	67.31	6.04	
	(10230.55)	(18902.43)	
<b>Cash generated from Operations</b>	<b>19532.84</b>	<b>27318.33</b>	
Tax Paid	(5187.58)	(7304.02)	(7304.02)
<b>Net Cash From Operating Activities</b>	<b>14345.26</b>	<b>20014.31</b>	
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>			
Purchase of Property, Plant & Equipments and Intangible Assets	(981.64)	(9678.77)	
Sales of Property, Plant & Equipments	1395.75	29.05	
Investments in Subsidiary Companies (Net)	(180.00)	(1199.01)	
Proceeds from the sale of Investments in Subsidiary Company	7552.62	0.00	
Other Current Investments	0.00	0.00	
Other Non Current Investments	(534.87)	(1992.55)	
Loan to/recd back from Subsidiary Companies	24724.66	(3652.60)	
Interest Received	10331.56	7279.87	(9214.01)
<b>Net Cash From Investing Activities</b>	<b>42308.08</b>	<b>(9214.01)</b>	

## Cash Flow Statement for the year ended on 31.03.2020

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds From Long Term Borrowings (Net)	(29474.70)	41837.88
Proceeds/(Repayment) of Short Term Borrowings (Net)	(12074.23)	(22492.32)
Net Increase in Working Capital Loan	7038.66	(9082.00)
Payment of Lease Liability	(2183.83)	0.00
Interest Paid	(18950.18)	(17492.32)
Dividend Paid	(1715.71)	(1715.71)
Dividend Tax Paid	(102.76)	(250.66)
	(57462.75)	(9195.13)
<b>Net Cash From Financing Activities</b>	<b>(57462.75)</b>	<b>(9195.13)</b>
NET INCREASE IN CASH & CASH EQUIVALENTS ( A+B+C )	(809.41)	1605.17
OPENING BALANCE OF CASH & CASH EQUIVALENTS	1797.60	192.44
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>988.20</b>	<b>1797.61</b>
<b>COMPONENTS OF CASH &amp; CASH EQUIVALENTS</b>		
CASH ON HAND	22.78	26.99
BALANCE IN CURRENT ACCOUNT WITH BANKS	965.42	1770.62
BALANCE IN FIXED DEPOSITS (Refer Note 3 below)		

### Notes:

- All figures in bracket are outflow.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- Fixed Deposits are pledged with central and various state govt/undertakings and local bodies , hence not considered in Components of Cash & Cash equivalents.
- The cash flow statement has been prepared under indirect method as per Indian Accounting Standard -7 "Cash Flow Statement".

The accompanying notes are an integral part of the financial statements.

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**

Chartered Accountants

Firm Regn. No. 102511W / W100298

**Harish B. Patel**

Partner

Membership No. 014427

Place: Ahmedabad

Date : 09/07/2020

For and on behalf of Board

**Shashin V. Patel**

Vice Chairman-Non Executive Director

DIN : 00048328

**Vasistha C. Patel**

Chief Executive Officer(CEO)

**Nitin R. Patel**

Executive Director & CFO

DIN : 00466330

**Tushar D. Shah**

Company Secretary

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

### 1. Company overview

The Company, Sadbhav Engineering Limited is engaged in the business of development of infrastructure facilities in areas of canals, irrigations projects, roads, bridge, mining activities on contract basis, dams which includes civil, electrical and mechanical contractor, designer and engineers, structural contractor, earthwork contractor for repairing, reconstruction, renovation, demolitions and construction of canals, irrigations projects, roads, bridge, dams. The Company is engaged in carrying out the construction works as per EPC contract entered between the Company and its subsidiaries. Company is also engaged in business of energy generation through Wind Power Project.

### 2. Basis of preparation

#### 2.1 Statement of compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### 2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following items which are measured at fair values:

- certain financial assets and liabilities (including derivative instruments)
- defined benefit plans assets

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 2.3 Functional and presentation currency

Indian rupee is the functional and presentation currency.

#### 2.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions.

These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements are:

- Revenue recognition of construction services based on percentage of completion method and Provision for estimated losses on construction contracts.
- Useful lives of Property, plant and equipment
- Valuation of financial instruments
- Provisions and contingencies
- Income tax and deferred tax
- Measurement of defined employee benefit obligations

### 3. Significant Accounting Policies

#### 3.1 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

##### a. Revenue from contracts with customer

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction contracts'. The Company has adopted Ind AS 115 using modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018).

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress by survey of work performed towards complete satisfaction of performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

### Significant judgments are used in:

1. Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress by survey of work performed towards complete satisfaction of performance obligation.
2. Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

### Revenue from operations:

Revenue for the periods upto June 30, 2017 includes excise duty collected from customers. Revenue from July 1, 2017 onwards is exclusive of goods and service tax (GST) which subsumed excise duty. Revenue also includes adjustments made towards liquidated damages and variation wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account.

### Revenue from construction/project related activity is recognised as follows:

1. Cost plus contracts: Revenue from cost plus contracts is recognized over time and is determined with reference to the extent performance obligations have been satisfied. The amount of transaction price allocated to the performance obligations satisfied represents the recoverable costs incurred during the period plus the margin as agreed with the customer.
2. Fixed price contracts: Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of Completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognized in profit or loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Company expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations). In addition, the Company recognises impairment loss (termed as provision for expected credit loss on contract assets in the financial statements) on account of credit risk in respect of a contract asset using expected credit loss model on similar basis as applicable to trade receivables.

### Rendering of Services:

Revenue from contracts to provide services (other than those covered under construction contracts referred above) are recognized by reference to the stage of completion of the contract.

## b. Other income

### i. Revenue from wind mill power generation

Revenue from wind mill power generation is recognized when the electricity is delivered to electricity Distribution Company at a common delivery point and the same is measured on the basis of meter reading.

### ii. Interest income

Interest income is recognized using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

### iii. Dividend income

Dividend income is recognized when the right to receive dividend is established.

## 3.2 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Property, Plant and Equipment not ready for the intended use on the date of the Balance Sheet are disclosed as "Capital Work in Progress".

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation is provided for all Property, Plant and Equipment except for vehicles on straight-line method and depreciation on vehicles is provided on written down value method as per the useful life prescribed in schedule II of the Companies Act, 2013.

Depreciation is provided for all Property, Plant and Equipment as per the useful life prescribed in the Schedule II of the Companies Act, 2013 except in respect of plant and machineries used other than in mining activity, where less useful life is considered than those prescribed in schedule II.

The estimated useful life of Property, Plant and Equipment as prescribed in the Schedule II of the Companies Act, 2013 & useful life adopted by the company are as follows

Asset Class	Useful life as per Schedule II	Useful life adopted by the company
Building	30 Years	30 Years
Building component	10 Years	10 Years
Office Building	60 Years	60 Years
Wind Mills	22 Years	22 Years
Plant and Equipment	9 to 12 Years	8 Years
Plant and Equipment for Mining	8 Years	8 Years
Furniture and Fixture	10 Years	10 Years
Vehicle	8-10 Years	8-10 Years
Temporary Structure	3 Years	1 Years

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees fifty thousand each are fully depreciated in the year of purchase.

The residual value, useful life and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 3.3 Intangible assets

An intangible asset is recognized, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably.

Intangible assets are stated at cost, less accumulated amortization and impairment losses, if any.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as intangible assets under development.

Intangible assets are amortized over their estimated useful life on straight line method. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern. Software being Intangible Assets used at Head office and work-shop are amortized over a period of three years and software used at Project sites are amortized over the project completion period.

In respect of intangible assets acquired / purchased during the year, amortization is provided on a pro-rata basis from the date on which such asset is ready to use.

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

### 3.4 Financial Instruments

#### 3.4.1 Initial recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are recognized at fair value on initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to or deducted from the fair value of financial assets or financial liabilities on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Regular way purchase and sale of financial assets are accounted for at trade date.

#### 3.4.2 Subsequent measurement

##### a. Non-derivative financial instruments

##### i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. For such equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

##### iii. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss.

##### iv. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

##### v. Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost in the separate financial statements.

##### b. Derivative financial instruments

The company holds certain derivative contracts such as cross currency interest rate swaps and forward contracts to hedge risks. These contracts do not qualify for hedge accounting under Ind AS 109, Financial Instruments. Hence these contracts are not designated as hedges and are accounted for at fair value through profit or loss.

##### c. Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Incremental costs directly attributable to the issuance of equity instruments are recognized as a deduction from equity instrument net of any tax effects.

##### d. Debt Instrument at amortized cost

A 'debt instrument' is measured at the amortized cost if both the above conditions mentioned in 3.4.2 a(i) are met. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

#### 3.4.3 De-recognition

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires.

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

### 3.4.4 Off-setting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the company currently has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3.5 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### 3.6 Income tax

Income tax expense comprises current tax, deferred tax and MAT Credit.

#### Current Tax

Current tax is recognized in profit or loss.

Current tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and current tax liabilities are offset, where company has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### Deferred Tax

Deferred tax is recognized in profit or loss.

Deferred tax liabilities are recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from initial recognition of goodwill; or initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rules and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, where company has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.



# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **MAT Credit**

Minimum Alternate Tax (MAT) paid in a year is charged to statement of profit and loss as current Tax. The company recognizes MAT Credit available as an assets only when and to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under Income Tax Act , 1961" , the said assets is created by way of credit to the statement of Profit and loss and shown as "Deferred Tax". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the assets to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

## **3.7 Impairment**

### **3.7.1 Financial assets other than investments in subsidiaries**

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

The impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss.

### **3.7.2 Financial assets – investments in subsidiaries**

The company assesses at each reporting date whether there is an indication that an asset may be impaired.

If any indication exists the company estimates the asset's recoverable amount based on value in use.

To arrive at the value in use of the investment, the Company has used expected future cash flows of projects in subsidiaries which generally covering period of the concession agreement using long term growth rate applied to future cash flows.

In assessing value in use, the estimated future cash flows are discounted to their present Value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its value in use amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognized in statement of profit and loss.

### **3.7.3 Non-financial assets - Tangible and intangible assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired.

If any indication exists the company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an assets net selling price and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognized in the statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

## **3.8 Borrowing costs**

Borrowing cost includes interest and other costs that company has incurred in connection with the borrowing of funds.

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

### 3.9 Employee Benefits

Contribution to “Defined Contribution Plan” such as Provident Fund is charged to the profit and loss account as incurred. Provident Fund contribution is made to the Government Administered Provident Fund. Company has no further obligation beyond this contribution charged in financial statement. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

Company also provides for Defined Benefit Plans in the form of Gratuity. Such Benefits are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries. Company has taken Group Gratuity Policy of L.I.C. of India. Actuarial valuation is carried out using the projected unit credit method made at the end of each reporting date. Re-measurement of the net defined benefit liability (asset) comprise of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability / (asset)). Re-measurement is recognized in other comprehensive income and will not be reclassified to profit or loss in a subsequent period.

Short term employee benefits including leave are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services are rendered

### 3.10 Provisions

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### 3.11 Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

### 3.12 Contingent Asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset.

### 3.13 Foreign Currency

#### a. Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### b. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

#### c. Exchange difference

The company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

##### i. Exchange differences arising from translation of long term foreign currency monetary items

- Long-term foreign currency monetary items recognized in the financial statements as on March 31, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

- Long-term foreign currency monetary items recognized in the financial statements after March 31, 2016 related to acquisition of a fixed asset are charged to the Profit and Loss statement.

- Other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

### ii. Exchange differences on other monetary items

All other exchange differences are recognized as income or as expenses in the year in which they arise.

### 3.14 Cash and cash equivalent

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 3.15 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 3.16 Inventories

Inventories are valued at lower of cost and net realizable value. Cost of materials is determined on first-in-first-out basis. Net realizable value is the estimated selling price less estimated cost necessary to make the sale.

### 3.17 Lease

The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet .

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

### 3.18 Segment Reporting

An operating segment is component of the company that engages in the business activity from which the company earns revenues and incurs expenses, for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker, in deciding about resources to be allocated to the segment and assess its performance. The company's chief operating decision maker is the Chief Executive Officer and Managing Director. There is only one reportable segment in accordance with the requirements of Ind AS-108-“Operating Segments”, prescribed under Companies (Indian Accounting Standards) Rules, 2015.

### 3.19 Share based payment

The company recognizes shared based compensation expenses in net profit using fair value in accordance with Ind AS 102, Share Based Payments, with a corresponding increase in equity. The expense is recognized over vesting period on a straight line basis.

### 3.20 Operating Cycle

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

## Notes forming Part of the financial statements

### Note No. 4

#### Property, Plant and Equipments

##### (A) Owned Assets

Particulars	Property, Plant and Equipments									Intangible Assets	Total
	Land	Building	Furniture	Office Equipment	Plant and Machineries	Vehicles	Wind Mills	Total Tangible Assets	Capital work in Progress	Computer Software	
<b>Cost</b>											
As at 01/04/2018	1009.24	7920.17	1667.70	372.76	55146.16	532.04	5211.51	71859.59	234.99	959.99	73054.57
Addition	100.00	0.00	11.30	114.86	9238.85	124.77	0.00	9589.77	91.10	24.36	9705.23
Disposal	0.00	0.00	0.00	0.00	2805.54	64.12	0.00	2869.65	0.00	0.00	2869.65
Adjustment of Foreign Exchange	0.00	0.00	0.00	0.00	5.58	0.00	202.94	208.53	0.00	0.00	208.53
As at 31/03/2019	1109.24	7920.17	1679.00	487.62	61585.05	592.70	5414.46	78788.23	326.09	984.36	80098.68
Addition	0.00	0.00	0.10	14.28	724.98	56.80	0.00	796.16	50.82	6.27	853.25
Disposal	0.00	3806.59	32.14	242.24	4302.12	6.64	0.00	8389.73	0.00	228.25	8617.98
Adjustment of Foreign Exchange	0.00	0.00	0.00	0.00	(8.41)	0.00	187.62	179.21	0.00	0.00	179.21
As at 31/03/2020	1109.24	4113.58	1646.96	259.66	57999.51	642.86	5602.08	71373.88	376.91	762.37	72513.16
<b>Accumulated Depreciation</b>											
As at 01/04/2018	0.00	3227.23	493.63	195.41	17552.89	199.61	800.13	22468.90	0.00	308.61	22777.51
Addition	0.00	644.53	179.04	72.72	8025.90	129.50	273.69	9325.38	0.00	250.63	9576.01
Disposal	0.00	0.00	0.00	0.00	1920.77	51.55	0.00	1972.32	0.00	0.00	1972.32
As at 31/03/2019	0.00	3871.76	672.68	268.13	23658.02	277.55	1073.82	29821.96	0.00	559.24	30381.20
Charge for the year	0.00	204.44	175.94	75.12	7851.31	106.27	277.27	8690.34	0.00	241.90	8932.25
Disposal	0.00	3668.39	24.01	218.19	2814.81	4.65	0.00	6730.65	0.00	211.02	6941.07
As at 31/03/2020	0.00	407.81	824.61	125.06	28694.52	379.17	1351.10	31782.25	0.00	590.13	32372.38
<b>Net Book Value</b>											
As at 31/03/2018	1009.24	4692.94	1174.07	177.36	37593.27	332.44	4411.38	49390.68	234.99	651.38	50277.06
As at 31/03/2019	1109.24	4048.41	1006.32	219.50	37927.03	315.14	4340.63	48966.27	326.09	425.13	49717.47
As at 31/03/2020	1109.24	3705.77	822.35	134.60	29304.99	263.69	4250.98	39591.62	376.91	172.25	40140.78

- The Company had adopted an option under Para 46A of AS 11 under previous GAAP which the company has elected to continue as per para D13AA of Ind AS 101 "First time adoption Indian Accounting Standard". Accordingly the exchange difference arising on reporting of long-term foreign currency monetary items, in so far as they relate to the acquisition of depreciable asset, is added or deducted from the cost of the asset and shall be amortised over the balance life of the asset. . During the year company has added ₹ 187.62 Lakh (₹ 208.76 Lakhs) to the capital asset towards such exchange differences. The unamortised amount of such exchange difference included into the carrying amount of asset is ₹ 1043.46 Lakhs (₹ 1109.52 Lakhs).
- The Company has applied the different estimated useful lives as specified in Schedule II in respect of certain assets as disclosed in accounting policy on depreciation on the basis of working of machineries in very tough condition at project sites. In support of that Company has also taken an opinion of Chartered Engineer & Valuer regarding the different useful life. Accordingly the unamortized carrying value of those assets is being depreciated over the remaining useful life as adopted by the Company instead of useful life specified in the Schedule II. This changes result in a higher depreciation of ₹ 1022.29 lakhs (₹ 1241.53 lakhs) charged to profit and loss account.
- Refer Note No. 46 for information on property, plant and equipment pledged as security.
- There are no restriction on title of property, plant and equipments and Intangible Assets.
- There is no contractual commitment on acquisition of property, plant and equipment and intangible assets.

## Notes forming Part of the financial statements

### (B) Right to Use Assets (Leased Assets)

	Plant & Equipment
<b>Movement During The Year</b>	
Balance as at 1st April 2019	5184.12
Addition	0
Disposals	0
<b>Balance as at 31st March 2020</b>	<b>5184.12</b>
<b>Accumulated Depreciation</b>	
Balance as at 1st April 2019	0
Addition	1912.62
Disposals	0
<b>Balance as at 31st March 2020</b>	<b>1912.62</b>
<b>Net Block as at 31st March,2020</b>	<b>3271.50</b>

- (a) The Company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019' using the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. Accordingly, previous period information has not been restated. This has resulted in recognising a right-of-use asset of ₹ 5184.12 Lakhs and a corresponding lease liability of ₹ 5184.12 Lakhs. In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share. The rate of 10.5% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.
- (b) The total cash outflow for leases is ₹ 2183.85 Lakhs for the year ended 31st March, 2020. Interest on lease liabilities is ₹ 461.55 Lakhs for the year.
- (c) The Company's leases mainly comprise of Plant and equipment.

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
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### 5. Investments

#### 5.1 Investments in Equity Instruments of Subsidiary Companies

##### (A) Quoted

- (i) Sadbhav Infrastructure Project Ltd. 49157.23 48856.29  
 24,48,02,602 (24,32,13,577) Fully Paid up Equity Shares  
 of Rs. 10/-each

Out of 24,48,02,602 (24,32,13,577) shares held in Sadbhav Infrastructure Project Ltd., 20,30,10,190 (6,75,03,568) Shares have been pledged with different Banks & Finance Institutions detail as under  
 Over and above 7144388 (0.20%) share acquired which are held in pull account.

Bank/Finance Institute	FY19-20 (No of Shares Pledged)	FY18-19 (No of shares Pledged)
ICICI BANK LTD.	105,315,340	35,222,522
IDBI TRUSTEESHIP SERVICES LTD.	58,872,945	32,281,046
AXIS FINANCE LTD.	6,686,667	
CLIX FINANCE INDIA PVT. LTD.	1,35,238	
RBL BANK LTD.	32,000,000	
Total No. of shares pledged	203,010,190	67,503,568

- (ii) Notional Investment in Shares of Sadbhav Infrastructure Project Ltd 3513.19 3513.19

**Total (b)** **5267042** **52369.48**

##### (B) Unquoted

- (a) Nagpur Seoni Expressway Ltd. (NSEL) 0.00 0.02  
 200 ( 200 ) Fully Paid up Equity Shares of ₹ 10/-each
- (b) Maharashtra Border Check Post Network Ltd. (MBCPNL) 0.00 120.90  
 NIL (1315 ) Fully Paid up Equity Shares of Rs. 10/-each  
 NIL (1315) Shares have been pledged with the lenders of MBCPNL out of NIL (1315) shares held by the company
- (c) Shreenathji Udaipur Tollway Pvt. Ltd. 0.00 0.01  
 NIL (100) Fully paid up Equity Shares of ₹ 10/-each

## Notes forming Part of the financial statements

(d)	Bhilwara Rajsamand Tollway Pvt. Ltd. NIL (100) Fully paid up Equity Shares of ₹ 10/-each	0.00	0.01
(e)	Rohtak-Hissar Tollway Pvt. Ltd. 100 (100) Fully paid up Equity Shares of ₹ 10/-each	0.01	0.01
(f)	Mysore-Bellary Highway Pvt. Ltd. NIL (5,85,11,800) Fully paid up Equity Shares of ₹ 10/-each NIL (4,03,25,700) shares are pledged out of 5,85,11,800 (5,85,11,800) shares held by the company	0.00	5851.18
(g)	Sadbhav Gadag Highway Pvt. Ltd. 50000(50000) Fully paid up Equity Shares of ₹ 10/-each	5.00	5.00
	<b>Total (b)</b>	<b>5.01</b>	<b>5977.13</b>
			(₹ in Lakhs)
		<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
5.2	<b>Investments in Equity Instruments of Other Companies</b>		
(a)	5,55,370 ( 5,55,370) Fully Paid up Equity Shares of Indian Highways Management Co.Ltd. of Rs.10/- each	55.54	55.54
	<b>Total</b>	<b>55.54</b>	<b>55.54</b>
5.3	<b>Investments in Bonds and Debentures</b>		
(a)	9.5% 20 (20) Bonds of Yes Bank of ₹ 10,00,000/- each	200.00	200.00
(b)	Bond of Sardar Sarovar Narmada Nigam Limited	27.57	27.57
(c)	12.5% 10 (10) Debentures of Srei Equipment Finance Ltd of ₹ 10,00,000/- each.	100.00	100.00
(d)	9.25% 20000 (20,000) Debentures of Srei Equipment Finance Ltd of ₹ 1,000/- each.	200.00	200.00
	<b>Total</b>	<b>527.57</b>	<b>527.57</b>
5.4	<b>Investment in Sub Debt</b>		
	Investment In Sub Debt-Maharashtra Border Checkpost Network Ltd	1992.61	1992.61
	Investment In Sub Debt -Sadbhav Gadag Highway Private Ltd	534.87	0.00
	<b>Total</b>	<b>2527.48</b>	<b>1992.61</b>
5.5	<b>Other Investments</b>		
	Investment in NSC	14.78	14.78
	<b>Total</b>	<b>14.78</b>	<b>14.78</b>
	<b>Total (a + b + c + d + e + f)</b>	<b>55800.80</b>	<b>60937.11</b>
	(i) Aggregate Value of Un-Quoted Investment ₹ 3130.80 Lakhs round(₹ 8567.63 Lakhs)		
	(ii) Refer Note No.49 for Related party transactions and outstanding balances		
6.	<b>Trade Receivables</b>		
	Unsecured considered good	18967.25	8648.99
	<b>Total</b>	<b>18967.25</b>	<b>8648.99</b>
	Management is of the opinion that amount recoverable is not less than the amount stated , hence no impairment is required.		
7.	<b>Loans</b>		
	Unsecured, considered good		
	Loan to related parties	4324.87	3896.28
	Loan to Subsidiary Companies	42719.51	68575.97
	<b>Total</b>	<b>47044.38</b>	<b>72472.25</b>

## Notes forming Part of the financial statements

Disclosures in terms of regulation 34(3) and 53(F) read together with para A of Schedule V of SEBI (Listing Obligation and Disclosure Regulation, 2015)

(a) Loans given to Subsidiaries having no repayment schedule,

Name of Subsidiaries	2019-20		2018-19	
	Maximum Balance	Closing Balance	Maximum Balance	Closing Balance
Sadbhav Infrastructure Project Limited	89,545.96	34,980.26	67431.41	67431.41
Mysore Bellary Highway (P) Ltd.	6875.02	NIL	9994.25	1144.56
Rohtak Panipat Tollway Pvt. Ltd.	3718.67	3718.67	NIL	NIL
Rohtak Hissar Tollway Pvt. Ltd.	1300.00	1212.48	NIL	NIL
Ahmedabad Ring Road Infrastructure Ltd.	470.00	470.00	NIL	NIL
Sadbhav Bhavnagar Highway Pvt. Ltd.	1037.00	758.89	NIL	NIL
Sadbhav Rudrapur Highway Pvt. Ltd.	1422.72	1422.72	NIL	NIL
Sadbhav Una Highway Pvt. Ltd.	376.50	156.49	NIL	NIL

(b) Company has not given any Loans and Advances to any firms/companies (except subsidiaries as stated above) in which directors are interested

(c) Loans Given to subsidiaries are of short term and to fulfill the temporary mismatch in cash flow.

(d) None of the loanees have made investments in shares of the Company

(e) Refer Note No.49 for Related party transactions and outstanding balances

	As at March 31, 2020	As at March 31, 2019
<b>8. Other Financial Assets</b>		
(a) Bank Deposits with more than 12 months Maturity	266.44	730.22
<b>Total</b>	<b>266.44</b>	<b>730.22</b>
<b>9. Deferred Tax Assets</b>		
Deferrd tax Assets ( Net ) Refer Note No. 37	11100.43	9938.13
<b>Total</b>	<b>11100.43</b>	<b>9938.13</b>
<b>10. Other Non Current Assets</b>		
<b>10.1 Capital Advance</b>		
Advances to Suppliers for Fixed Assets	2639.81	5.23
<b>10.2 Advance other than capital Assets</b>		
(a) Security & Other Deposits	1591.22	1987.66
(b) Advances for Goods and Services	0.00	9.16
<b>Total</b>	<b>4231.03</b>	<b>2002.05</b>
<b>11. Inventories</b>		
(a) Construction Materials	12046.39	14239.65
(b) Work in Progress	0.00	511.39
(c) Stores & Spares	2678.36	3166.17
<b>Total</b>	<b>14724.75</b>	<b>17917.21</b>
Construction material and stores & spares are valued at cost or Net Realizable Value which ever is lower & Work in progress is valued at contract rate.		
<b>12. Trade Receivables</b>		
(Unsecured considered good)		
(a) Receivable from related parties	31750.49	40353.48
(b) Receivable from Others	142590.96	115156.36
<b>Total</b>	<b>174341.45</b>	<b>155509.84</b>

## Notes forming Part of the financial statements

### Notes

- (a) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivable are due from firms or private companies in which any director is a partner, a director or a member.
- (b) Refer to Note No.49 for Related party transactions and outstanding balances
- (c) Fair values disclosure for financial assets are given in Note No. 43

		(₹ in Lakhs)	
		As at March 31, 2020	As at March 31, 2019
<b>13.</b>	<b>Cash and Cash Equivalents</b>		
13.1	<b>Balance with Banks</b>		
	(a) In Current Accounts	965.42	1770.62
	(b) In Fixed Deposit Accounts* (Maturity up to 3 months)	1142.33	1660.00
	<b>Total</b>	<b>2107.75</b>	<b>3430.62</b>
13.2	<b>Cash On Hand</b>	<b>22.78</b>	<b>26.99</b>
	<b>Total</b>	<b>2130.53</b>	<b>3457.61</b>
<b>14.</b>	<b>Bank balance other than Cash and Cash Equivalents</b>		
	In earmarked Accounts		
	(a) Unclaimed Dividend	3.10	4.39
	(b) Maturity more than 3 months but upto 12 months	10180.68	2574.57
	<b>Total</b>	<b>10183.78</b>	<b>2578.96</b>
<b>15.</b>	<b>Loans</b>		
	<b>Unsecured, considered good</b>		
	Loans to related parties:		
	Loan to others	703.21	0.00
	<b>Total</b>	<b>703.21</b>	<b>0.00</b>
<b>16.</b>	<b>Other Current Financial Assets</b>		
	(i) Interest Receivable from Subsidiary	8279.54	1429.70
	(ii) Interest Accrued But Not Due on Investments	0.00	122.69
	(iii) Security & Other Deposits	33667.86	29765.56
	(v) Recoverable in Cash		
	(i) Due from subsidiaries	220.83	1530.02
	(ii) Due from others	341.03	3430.21
	<b>Total</b>	<b>42509.26</b>	<b>36278.18</b>
<b>17.</b>	<b>Current Tax Assets (Net)</b>		
	Advance Tax Assets (Net)	11247.33	9681.49
	<b>Total</b>	<b>11247.33</b>	<b>9681.49</b>
<b>18.</b>	<b>Other Current Assets</b>		
18.1	<b>Advances other than capital advances</b>		
	(a) Advances for goods and Services	19542.22	20864.02
	(b) Advances to Others	307.28	309.05
	<b>Total</b>	<b>19849.50</b>	<b>21173.07</b>
18.2	<b>Others</b>		
	(a) Advance Sales Tax & Service Tax & GST	5827.82	6791.73
	(b) Prepaid Expenses	940.47	1937.88
	(c) Group Gratuity Fund	302.49	0.00
	<b>Total</b>	<b>7070.78</b>	<b>8729.62</b>
	<b>Total</b>	<b>26920.28</b>	<b>29902.69</b>



## Notes forming Part of the financial statements

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>19. Equity Share Capital</b>		
(a) Authorized Share Capital: 20,00,00,000 (20,00,00,000) Equity Shares of ₹ 1/- each	2000.00	2000.00
(b) Issued, Subscribed and fully paid 171570800 (171570800) Equity Shares of ₹ 1/- each with voting rights	1715.71	1715.71
(c) Reconciliation of Nos. of Equity Shares with voting rights: Outstanding at the beginning of the Period (Nos.)	171570800	171570800
Outstanding at the end of the Period (Nos.)	<b>171570800</b>	<b>171570800</b>

(d) Rights of Shareholders and Repayment of Capital:

(i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 1/-.

(ii) Each holder of equity shares is entitled to one vote per share.

(iii) In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

(e) Shares with voting rights held by each share holder holding more than 5% Equity shares of the company:-

Name of Share Holder(s)	As at 31.03.2020		As at 31.03.2019	
	No. of shares	% age	No. of shares	% age
Sadbhav Finstock Pvt. Ltd.	16545275	9.64%	16545275	9.64%
Shantaben V. Patel	49086135	28.60%	48161135	28.07%
ICICI Prudential Life Insurance Co Ltd	9391321	5.47%	12324939	7.18%
HDFC Trustee co. Ltd - A/c HDFC Hybrid Eq. Fund			12645099	7.37%
HDFC Small Cap Fund	15856599	9.24%		

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>20. Other Equity</b>		
(a) Capital reserve As per Last Balance Sheet	345.00	345.00
Closing Balance	<b>345.00</b>	<b>345.00</b>
(b) Security Premium Reserve As per Last Balance Sheet	62994.55	62994.55
Addition during the year	0.00	0.00
Less : QIP Expenses	0.00	0.00
Closing Balance	<b>62994.55</b>	<b>62994.55</b>
(c) Debenture Redemption Reserve As per Last Balance Sheet	4950.00	2520.00
Addition/(deduction) during the year	(3000)	2430.00
Closing Balance	<b>1950</b>	<b>4950.00</b>
(d) General Reserves As per Last Balance Sheet	18640.18	12160.18
Addition during the year	3000.00	6480.00
Closing Balance	<b>21640.18</b>	<b>18640.18</b>

## Notes forming Part of the financial statements

	As at March 31, 2020	As at March 31, 2019
(e) Other Comprehensive Income		
As per Last Balance Sheet	(79.88)	(49.38)
Addition/(deduction) During the Year	334.49	(30.50)
Closing Balance	<b>254.61</b>	<b>(79.88)</b>
(f) Profit and Loss account		
As per last Balance Sheet	114801.36	100512.71
Net Profit for the year	8515.54	18685.02
Appropriations:-		
Transfer to Debenture Redemption Reserves	0.00	2430.00
Dividend Paid	1715.71	1715.71
Tax on Dividend Paid	102.76	250.66
Closing Balance	<b>121498.43</b>	<b>114801.36</b>
<b>Total</b>	<b>208682.77</b>	<b>201651.21</b>
<b>21. Non Current Borrowings</b>		
(a) Bonds/Debentures		
(Secured)		
Secured redeemable non-convertible debentures		
(a) ICICI Prudential Asset Management 1500 (1500) debentures of ₹ 10 Lakhs each	10000.00	15000.00
(Unsecured)		
(a) SBI Mutual Fund (Unsecured) Nil (1900) debentures of ₹ 10 Lakhs each	0.00	19000.00
<b>Total</b>	<b>10000.00</b>	<b>34000.00</b>

### Details of Security

(a) ICICI Prudential Asset Management  
Pledge over paid-up equity share capital of Sadbhav Infrastructure Project Limited ("Subsidiary") overall cover to be (atleast 1.5x of the Outstanding Amount during the tenor of the facility.)

**"Rate of Interest:** Coupon rate of 9.25 % plus Redemption Premium at a premium of such amount which gives the holder of the Debentures an IRR of 10.15% p.a. computed using the XI RR function on Microsoft Excel 2010 Edition ("Rate of Return")."

### (b) Term Loans

Secured

#### (i) From Banks:

(a) Foreign Currency Term Loan (Including ECB)	840.72	2371.82
(b) Rupee Term Loan	16689.33	17776.51

**17530.05** **20148.33**

#### Detail of Security

Secured by way of hypothecation of specific machineries and equipments purchased and mortgage of Sadbhav Vision House, Guest House & office in Mumbai, Non Agricultural land at Sheikhpur (Ahmedabad), Guest House in Delhi.

Subservient charge on tangible assets [movable fixed assets and/or current assets] to the extent of 1.0 times of outstanding facility

Pledge over paid-up equity shares of Sadbhav Infrastructure Project Limited ("Subsidiary") to the extent 1.25x of outstanding facility amount.

## Notes forming Part of the financial statements

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>(ii) From Financial Institutions</b>	11353.11	9803.05
<b>Detail of Security</b>		
Term loans from Financial Institutions are secured by way of hypothecation of specific machineries and equipments purchased.		
<b>Total</b>	<b>38883.16</b>	<b>63951.38</b>

1) Mortgage of Non Agricultural Land at Block No. 91, Old Survey No.173/1, 173/2, New Survey No. 491, 497 & 498, Khatu No. 296, Sonarda Village, SRO - Gandhinagar, extent of the value 0.60 times of the asset cover (basis DSV).

Mortgagor: Ms. Truptiben V. Patel

2) Pledge of Fully Paid Up, unencumbered Freely transferable Equity Shares of Sadbhav Engineering Ltd. (Group A / BSE 500) with 2.00 times asset cover (Margin 50%)

Pledgor: Mrs. Shantaben Vishnubhai Patel

Aggregate minimum asset cover of 2.60 times (Margin 38.46%) against the proposed loan facility

Loan repayable during the year 2019-20 are shown under 'Current Maturity of Long Term Debts' (Note No 25 'Other Financial Liabilities' )

### 22. Other Financial Liabilities

(i) Advance Received for sale of Shares	0.00	0.02
(ii) Security & Other Deposits from Sub-contractors	1597.21	552.91
(iii) Other Payables	0.00	0.00
<b>Total</b>	<b>1597.21</b>	<b>552.93</b>

### 23. Short-Term Borrowings

#### 23.1 Loans repayable on demand

Secured		
Short Term Loans From Banks & Financial Institutions	63269.07	56615.35
Overdraft due to Issuance of Cheques	386.91	1.97
<b>Detail of Security</b>		
(a) Hypothecation of stock of construction materials lying at sites, books debts and other receivables		
(b) First charge by way of mortgage of immovable property (Sadbhav House) and immovable property situated at Village Ognaj along with furnitures, fixtures etc. owned by company and All Fixed Assets (Movable & Immovable) of the company which are not hypothecated/Charged to other lenders. Second charge on machineries owned by the company.		
(c) Personal Guarantee of Shri Shashin V. Patel, Shri Vasisthakumar Patel , Shri Vikramkumar Patel and Smt. Shantaben V. Patel.		
Unsecured		
From Banks	4060.00	16299.11
Secured by Personal Guarantee of Shri Shashin V. Patel		
<b>Total</b>	<b>67715.98</b>	<b>72916.43</b>
<b>23.2 Loan from Related Parties - Unsecured</b>		
From Others (From Company in which Directors are Directors)	306.59	141.71
<b>Total</b>	<b>306.59</b>	<b>141.71</b>
<b>Total</b>	<b>68022.57</b>	<b>73058.14</b>

(a) Refer to Note No.49 for Related party transactions and outstanding balances

### 24. Trade Payables

Others	55292.34	43526.39
<b>Total</b>	<b>55292.34</b>	<b>43526.39</b>

## Notes forming Part of the financial statements

A	Principal amount remaining unpaid to any supplier as at year end	0.00	0.00
B	Interest due thereon	0.00	0.00
C	Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	0.00	0.00
D	Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	0.00	0.00
E	Amount of interest accrued and remaining unpaid at the end of the accounting year	0.00	0.00
F	Amount of further interest remaining due and payable in succeeding years	0.00	0.00

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>25. Other Financial Liabilities</b>		
(a) Current Maturities of Long term debts		
Secured		
Non Convertible Debentures	5000.00	6320.23
Foreign Currency Term Loan	840.72	768.57
Loan from Banks	7127.60	8085.38
Loan from Financial Institutions	4347.03	6547.65
<b>Sub-total</b>	<b>17315.35</b>	<b>21721.83</b>
(b) Interest Accrued but not due on Loans	2089.05	2538.34
(c) Unclaimed Dividend	3.10	4.39
(d) Payable under Derivative Contract	436.98	380.35
(e) Security & Other Deposits	18654.45	16415.43
(f) Lease Liability IND AS	3461.82	0.00
<b>Total</b>	<b>41960.75</b>	<b>41060.34</b>
<b>26. Other Current Liabilities</b>		
(a) Sundry Creditors for Capital Goods	277.61	2175.66
(b) Statutory Dues	2883.64	5034.81
(c) Advances Received from Clients	41125.38	25366.84
(e) Group Gratuity Fund	0.00	164.38
(d) Other Payables	2781.87	1230.35
(f) Miscellaneous Liabilities	20.48	11.67
<b>Total</b>	<b>47088.98</b>	<b>33983.71</b>
Note :-There was no amount outstanding as on 31.03.2020, which is required to be transferred to Investor Education and Protection Fund (IEPF). Refer to Note No.49 for Related party transactions and outstanding balances		
<b>27. Short-Term Provisions</b>		
(a) Provision for Employee Benefits	339.70	267.03
(b) Provision for Wealth Tax	0.00	5.36
<b>Total</b>	<b>339.70</b>	<b>272.39</b>

## Notes forming Part of the financial statements

		(₹ in Lakhs)	
		2019-20	2018-19
<b>28.</b>	<b>Revenue from Operations</b>		
	Contracts Receipt	224106.41	353940.34
	Other Operating Income	1059.61	982.82
	<b>Total</b>	<b>225166.02</b>	<b>354923.16</b>
	Refer to Note No.49 for Related party transactions and outstanding balances		
<b>29.</b>	<b>Other Income</b>		
	(a) Interest revenue for financial assets that are measured at amortised cost		
	(i) Interest income from Subsidiaries	9790.86	6850.49
	(ii) Interest from Fixed Deposits	265.76	245.09
	(iii) Interest from Bonds & Debentures	63.15	52.07
	(b) Other Interest		
	From Others	211.79	132.22
	(c) Profit on Sale of Assets	219.75	9.35
	(e) Dividend Income	729.64	1215.94
	(d) Forex Gain	54.92	0.00
	(f) Miscellaneous Income	248.86	1525.62
	<b>Total</b>	<b>11584.73</b>	<b>10030.78</b>
	Refer to Note No.49 for Related party transactions and outstanding balances		
<b>30.</b>	<b>Cost of Material Consumed</b>		
	Opening Stock	14239.65	12453.03
	Add Purchase	35643.91	78703.30
		<b>49883.56</b>	<b>91156.33</b>
	Less Closing Stock of Material	12046.396	14239.65
	<b>Total</b>	<b>37837.17</b>	<b>76916.69</b>
<b>31.</b>	<b>Changes in Inventory of Finished Goods, Work-in-Progress and Stock-in-trade</b>		
	Opening Work-in-Progress	0.00	511.39
	Less :Closing Work-in-Progress	0.00	511.39
	<b>Total</b>	<b>0.00</b>	<b>0.00</b>
<b>32.</b>	<b>Construction Expenses</b>		
	Labour Expenses	101934.51	163442.64
	Power & Fuel	17351.57	24120.35
	Stores Consumed	1797.16	3328.84
	Repairs & Maintenances-Construction Machineries	2454.34	4462.50
	Transportation Expenses	6511.86	1415.18
	Machinery Rent	3292.00	7538.10
	Land & Godown Rent	537.41	707.16
	Site Establishment Expenses	876.95	2154.75
	Mess Expenses	909.46	1124.97
	<b>Total</b>	<b>135665.26</b>	<b>208294.49</b>
<b>33.</b>	<b>Employee Benefits Expense</b>		
	Salary & Wages	12846.36	14821.50
	Contribution to PF and Other Funds	737.03	957.43
	Group Gratuity Fund Expenses	236.78	22.06
	Directors' Remuneration	654.00	654.00
	Staff Welfare Expenses	241.14	302.63
	<b>Total</b>	<b>14715.31</b>	<b>16757.62</b>
	Refer to Note No.49 for Related party transactions and outstanding balances		

## Notes forming Part of the financial statements

(₹ in Lakhs)

	2019-20	2018-19
<b>34. Finance Cost</b>		
(a) Interest Expenses on Financial liabilities measured at Amortised Cost		
On Borrowings	15405.82	14693.99
(b) Other Interest Expenses		
On Taxes & Others	92.98	28.88
(c) Other Borrowing Costs	3912.94	2769.45
<b>Total</b>	<b>19411.74</b>	<b>17492.32</b>
<b>35. Other Expenses</b>		
Rent Expenses	50.69	76.83
Rates & Taxes	1267.78	1853.69
Insurance	960.85	786.98
Legal & Consultation Fees & Expenses	3302.03	3336.84
Corporate Social Responsibility Expenses	20.50	441.61
Donation Expenses-Others	59.74	33.44
Auditors Remuneration	31.50	20.00
Loss on Sales of Assets	300.69	2.39
Miscellaneous Expenses	3009.11	3611.97
<b>Total</b>	<b>9002.89</b>	<b>10163.75</b>

### 36. Employee Benefits Note

As per Ind AS - 19 - "Employee Benefits", the disclosures of Employee Benefits is given as below:-

#### 36.1 Defined Contribution Plans

Details of amount recognized as expenses during the year for the defined contribution plans.

Particulars	2019-20	2018-19
Contribution to Provident Funds	735.46	834.51
Contribution to ESIC	1.57	108.67
<b>Total ( Ref. Note No. 35 )</b>	<b>737.03</b>	<b>943.18</b>

#### 36.2 Information about the characteristics of its defined benefit plans - Gratuity benefit plan.

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 20,00,000 was applied
Vesting conditions	5 years of continuous service ( Not applicable in case of death / disability )
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

36.3 The trustees are responsible for the governance of the plan. The day-to-day administration of the scheme is carried out by the trustees. It is the trustees' duty to look after assets on behalf of employees who are entitled to benefit from those assets at some future date. Investment of assets of fund is key responsibility of the trustees. The trustees must review investment performance regularly.

#### 36.4 Risk to the Plan

Following are the risk to which the plan exposes the entity :

##### A Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

## Notes forming Part of the financial statements

### B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

### C Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.

### D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

### E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

### 36.5 Reconciliation of defined benefit obligations

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Defined benefit obligations as at beginning of the year	1,163.46	907.60
Current service cost	165.39	210.78
Interest cost	74.12	60.17
Actuarial Loss/(Gain) due to change in financial assumptions	(50.62)	17.41
Actuarial Loss/(Gain) due to change in demographic assumptions	(0.13)	-
Actuarial Loss/(Gain) due to experience	(249.72)	6.26
Past Service Cost	-	-
Benefits Paid	(279.35)	(38.76)
<b>Defined benefit obligations as at end of the year (Refer note no 18)</b>	<b>823.15</b>	<b>1,163.46</b>

### 36.6 Reconciliation of Plan Asset

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Plan Asset as at beginning of the year	999.08	972.02
Expenses deducted from the fund	-	-
Interest Income	72.12	72.65
Return on plan assets excluding amounts included in interest income	34.01	(6.83)
Contributions by employer	136.47	-
Benefits paid	(116.04)	(38.76)
<b>Plan Asset as at end of the year (Refer note no 18)</b>	<b>1125.64</b>	<b>999.08</b>

### 36.7 Net amount Charged to Statement of Profit and Loss for the period

(₹ in Lakhs)

Particulars	2019-20	2018-19
Current service cost	165.39	210.78
Past Service Cost and Loss/(gain) on curtailments and settlement	-	-
Net Interest cost	2.00	(12.48)
<b>Net amount recognized (Refer note no. 33)</b>	<b>167.39</b>	<b>198.30</b>

## Notes forming Part of the financial statements

### 36.8 Other Comprehensive income for the period (₹ in Lakhs)

Particulars	2019-20	2018-19
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(50.62)	17.41
Due to change in demographic assumption	(0.13)	0.00
Due to experience adjustments	(249.72)	6.26
Income	(34.01)	6.83
<b>Amounts recognized in Other Comprehensive Income</b>	<b>(334.48)</b>	<b>30.50</b>

### 36.9 Break up of Plan Assets

Particulars	2019-20	2018-19
Insurance Policy	100%	100%

### 36.10 Actuarial Assumptions

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	6.25%	7.05%
Salary Growth Rate	4.00%	6.00%
Withdrawal Rate	25% at younger ages reducing to 5% at older ages	25% at younger ages reducing to 5% at older ages
Rate of Return on Plan Assets	7.05% p.a	7.05% p.a

### 36.11 Sensitivity Analysis for Actuarial Assumption

As at 31.03.2020	Change in Assumptions		Impact on Defined Benefit Obligation			
	Increase	Decrease	Increase in Assumptions		Decrease in Assumptions	
	%	%	₹ in Lakhs	%	₹ in Lakhs	%
Discount Rate	0.50%	0.50%	(20.33)	-2.47%	21.37	2.60%
Salary Growth Rate	0.50%	0.50%	21.10	2.56%	(20.11)	-2.44%
Withdrawal Rate	0.50%	0.50%	(4.13)	-0.50%	3.73	0.45%

As at 31.03.2019	Change in Assumptions		Impact on Defined Benefit Obligation			
	Increase	Decrease	Increase in Assumptions		Decrease in Assumptions	
	%	%	₹ in Lakhs	%	₹ in Lakhs	%
Discount Rate	0.50%	0.50%	(28.72)	-2.47%	30.22	2.60%
Salary Growth Rate	0.50%	0.50%	27.83	2.39%	(27.02)	-2.32%
Withdrawal Rate	0.50%	0.50%	(5.14)	-0.44%	4.83	0.42%

#### Limitation of method used for sensitivity analysis :

Sensitivity analysis produces the results by varying a single parameter & keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

### 36.12 Details of Asset - Liability Matching Strategy

There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

### 36.13 Expected contribution to the plan for the next annual reporting period (₹ in Lakhs)

Particulars	2019-20	2018-19
Expected contribution to the plan	162.63	163.76
<b>Total</b>	<b>162.63</b>	<b>163.76</b>



## Notes forming Part of the financial statements

### 36.14 Maturity Profile of the Defined Benefit Obligation

As at March 31, 2020	₹ in Lakhs	%
2021	162.63	13.70%
2022	89.00	7.50%
2023	84.63	7.10%
2024	102.95	8.70%
2025	94.68	8.00%
2026- 2030	363.80	30.70%

As at March 31, 2019	₹ in Lakhs	%
2020	224.19	12.60%
2021	147.25	8.30%
2022	138.03	7.70%
2023	132.74	7.40%
2024	137.06	7.60%
2025 - 2029	522.53	29.30%

### 37. Income Tax expense

37.1 Income tax expense in the statement of profit and loss comprises of: (₹ in Lakhs)

Particulars	2019-20	2018-19
Current income tax	3,621.74	7,140.60
Adjustments in respect of current tax of earlier years	-	-
<b>Total current income tax</b>	<b>3,621.74</b>	<b>7,140.60</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary difference	(1,162.30)	3.89
<b>Total Deferred tax</b>	<b>(1,162.30)</b>	<b>3.89</b>
<b>Income tax expense</b>	<b>2,459.44</b>	<b>7,144.49</b>

37.2 The company was required to make provisions of Income tax as per the rate applicable . A reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate is summarized below: (₹ in Lakhs)

Particulars	2019-20	2018-19
<b>Accounting profit before tax</b>	<b>10,974.94</b>	<b>25,753.06</b>
Statutory Income Tax rate	34.608%	21.342%
<b>Expected Income Tax Expenses</b>	<b>3,798.21</b>	<b>4615.49</b>
Deferred tax Adjustment	(1,162.30)	3.89
Effect of non deductible items	11,230.30	3,547.31
Effect of deductible items	(11,406.77)	(5,345.78)
<b>Income tax expenses considered in accounts</b>	<b>2459.44</b>	<b>2820.91</b>
<b>Consequent to reconciliation items shown above, the effective tax rate</b>	<b>22.41%</b>	<b>10.95%</b>

## Notes forming Part of the financial statements

37.3 There is changes in the applicable tax rates compared to previous accounting period.

37.4 Details of each type of recognized temporary differences, unused tax losses and unused tax credits (₹ in Lakhs)

Particulars	Recognized DTA / DTL in balance sheet		Deferred tax ( Income ) / Expense recognized in P&L	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax liability</b>				
Property, Plant and Equipment	490.18	1,945.61	(1,455.43)	120.51
Provision for Gratuity	105.70	(57.44)	163.14	(79.73)
Non convertible Debenture	-	-	-	-
Interest Accrued But Not Due	-	-	-	-
Unamortized processing fees	-	-	-	-
<b>Total Deferred tax liability</b>	<b>595.88</b>	<b>1,888.17</b>	<b>(1,292.29)</b>	<b>40.78</b>
<b>Deferred tax asset</b>				
Investment in SIPL - Sub Debt	1,212.81	1,362.59	(149.78)	(120.52)
Derivative deals - Option and Currency Swap	152.70	132.91	19.79	157.41
Derivative Deal - Interest Swap	-	-	-	-
ECB Loan	-	-	-	-
<b>Total Deferred tax asset</b>	<b>1,365.51</b>	<b>1,495.50</b>	<b>(129.99)</b>	<b>36.89</b>
<b>Net Deferred Tax Liability / (Assets) before MAT Credit</b>	<b>(769.63)</b>	<b>392.67</b>	<b>(1,162.30)</b>	<b>3.89</b>
MAT Credit Entitlement	10,330.80	10,330.80	(0.00)	(0.00)
<b>Net Deferred Tax Liability / (Assets) Recognized</b>	<b>(11,100.43)</b>	<b>(9,938.13)</b>	<b>-</b>	<b>-</b>
<b>Deferred Tax Expenses / ( Income) Recognized</b>	<b>-</b>	<b>-</b>	<b>(1,162.30)</b>	<b>3.89</b>

### 38. Working of Earning Per Share

Reconciliation of Equity Shares outstanding at the end of year: (₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Nominal Value of Equity Share (₹ per share)	1.00	1.00
<b>For Basic EPS</b>		
Number of Equity Shares at the beginning of the year	17,15,70,800	17,15,70,800
Addition during the year on allotment of shares under ESOP-2008 Scheme	0	0
Number of Equity Shares at year end	17,15,70,800	17,15,70,800
Weighted Average number of Equity Shares	17,15,70,800	17,15,70,800
<b>For Diluted EPS</b>		
Weighted Average number of Equity Shares as per above working	17,15,70,800	17,15,70,800
Weighted Average number of Dilutive Equity Shares	<b>17,15,70,800</b>	<b>17,15,70,800</b>

The weighted shares have been determined with reference to the respective dates of allotment of shares issued under ESOP. The effects of ESOP have been considered for current year as well as previous year.

<b>Basic EPS</b>		
Net Profit after Tax	8515.50	18685.01
Weighted Average number of Equity Shares	17,15,70,800	17,15,70,800
Basic EPS (₹)	4.96	10.89
<b>Diluted EPS</b>		
Net Profit after Tax	8,515.50	18,685.01
Weighted Average number of Diluted Equity Shares	17,15,70,800	17,15,70,800
Diluted EPS (₹)	4.96	10.89

## Notes forming Part of the financial statements

### 39. Revenue from contract with customers

#### 39.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers: (₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Type of service rendered		
Revenue from construction services	225166.02	354923.16
	<b>225166.02</b>	<b>354923.16</b>
Place of service rendered		
India	225166.02	354923.16
<b>Total revenue from contracts with customers</b>	<b>225166.02</b>	<b>354923.16</b>
Timing of revenue recognition		
Services transferred over time	225166.02	354923.16
<b>Total revenue from contracts with customers</b>	<b>225166.02</b>	<b>354923.16</b>

#### 39.2 Contract balances

Contract assets	19542.22	20864.02
Contract liabilities	41125.38	25366.84

Contract assets are recognised for revenue earned and other services render to customer as per the agreement. Upon completion of work, the contract assets are classified as trade receivable.

#### 39.3 Performance obligation

Information about the company's performance obligations are summarised below:

##### a. Construction services

The performance obligation is satisfied over time as the assets is under control of customer and they simultaneously receives and consumes the benefits provided by the Company. The Company received progressive payment toward provision of construction services.

39.4 Reconciliation of the amount of revenue recorded in Standalone statement of Profit and loss is not required as there are no adjustments to the contracted price.

### 40. Contingent Liabilities and commitments

#### A Contingent Liabilities

(a) Claims against the company not acknowledge as debt:

- (i) Sarda Energy and Minerals Ltd. (Formerly known as Raipur Alloys Limited) has filed a suit for recovery of ₹ 46.42 Lakhs (March 31, 2019: ₹ 46.42 Lakhs ) against the company and its directors and officers holding them jointly and severally liable. The Company purchased steel and TMT bar from Sarda Energy and Minerals Limited, for which the latter claimed ₹ 46.42 Lakhs (March 31, 2019: ₹ 46.42 Lakhs) balance to be paid and filed Civil Suit at Civil Court, Nagpur. The company has challenged the jurisdiction of the court along with an application for stay of the Impugned Order. The Bombay High Court, Nagpur bench, through its interim order, granted a stay pending the decision of the appeal and directed the company to deposit 50% of the amount of the decree passed by the Civil Judge. The company has paid ₹ 21.020 Lakhs (March 31, 2019: ₹ 21.20 Lakhs ). The matter is pending before the high Court, Nagpur.
- (ii) Company has received order of the Commissioner of service tax on 1st April, 2013 wherein Commissioner upheld the demand of ₹ 199.13 Lakhs (March 31, 2019: ₹ 199.13 Lakhs ) and impose penalty of ₹ 345.92 Lakhs (March 31, 2019: 345.92 Lakhs ) . Company filed appeal before CESTAT and received unconditional stay order on order of Commissioner hence no provision has been made.
- (iii) Demand under Service Tax Act, 1994 ₹ 67.29 Lakh (March 31, 2019: ₹ 67.29 Lakh). The Commissioner of Service Tax, Ahmedabad, filed an appeal before Supreme Court of India against the order of CESTAT passed in favor of the Company. The matter is currently pending.
- (iv) The ACIT, Central Circle – 1(1), Ahmedabad served an assessment order to SEL in relation to adjustment of losses incurred by the undertaking of SEL against the eligible income of the undertakings while computing the deductions and other expenses for the assessment year 2005-06 ,2006-07 & 2007-08 (the "Impugned Order"). SEL preferred an appeal before the CIT (Appeals) – XIV (the "CIT Appeals") challenging the Impugned Order. The CIT Appeals, through its order, partly disallowed SEL's claim for deduction and other expenses under Section 80-IA of the IT Act and other expenses, (the "CIT(A) Order") totaling to ₹ 611.03 lakhs. Subsequently, SEL preferred an appeal before the ITAT challenging CIT (A) Order and the ACIT, Central Circle – 1(1), Ahmedabad also preferred an appeal before the ITAT against the CIT(A) Order. The ITAT, through its order, allowed deductions under Section 80-IA of the IT Act (the "ITAT Order"). The CIT filed a review petition before the ITAT. Subsequently, the CIT preferred an appeal before the Gujarat High Court against the ITAT Order. The aggregate amount of Tax Liability for All the 3 Asst. Year involved is ₹ 212.68 Lakhs . The matter is currently pending.

## Notes forming Part of the financial statements

- (v) The JCIT, Range 8, Ahmedabad served assessment orders to SEL in relation to the assessment years 2008-09 on account of disallowance of some expenditure and deductions under Section 80-IA of the IT Act aggregating to ₹ 906.99 lakh. SEL preferred an appeal before the CIT (Appeals). The CIT Appeals, through its order, allowed the expenditure and deductions. Subsequently, the Ahmedabad & the company has preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 308.29 Lakhs. The matter is currently pending.
- (vi) The ACIT, Central Circle 1(1), Ahmedabad served five assessment orders to SEL along with five demand notices for an aggregate amount of ₹ 1277.00 Lakhs (March 31, 2019: 1277.00 Lakhs) in relation to the assessment years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 on account of disallowance of some expenditure and deductions under Section 80-IA of the IT Act. SEL preferred an appeal before the CIT (Appeals). The CIT Appeals, through its order, allowed the expenditure and deductions amounting to ₹ 5746.80 Lakhs (March 31, 2019: 5746.80 Lakhs). Subsequently, the ACIT, Central Circle 1(1), Ahmedabad & the company has preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 1953.30 Lakhs (March 31, 2019: 1953.30 lakhs). The matter is currently pending.
- (vii) The DCIT, Central Circle 1(1), Ahmedabad has reopened the case for AY 2011-12 and passed the order by disallowing the expenditure of ₹ 378.99 Lakhs (March 31, 2019: 378.99). Subsequently, SEL has preferred an appeal before the CIT, Appeals- 11, Ahmedabad against the said Orders. The CIT Appeals, through its order partly allowed the expenditure and deductions. The aggregate amount of tax involved is ₹ 244.64 Lakhs (March 31, 2019: 244.64 lakhs). The matter is currently pending.
- (viii) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 450.73 Lakhs (March 31, 2019: ₹ 450.73 Lakhs) and disallow SEL's claim for deduction for a sum of ₹ 379.47 Lakhs (March 31, 2019: ₹ 379.47 Lakhs) under Section 80IA(4) of the IT Act for assessment years 2012-13 with respect to agreements entered with Gol and state governments for construction of highways and roads. The DCIT, Central Circle 1(1), Ahmedabad further held that SEL is a contractor who executed the work and was not eligible for such deductions. SEL preferred an appeal before the CIT, Central Circle-1(1). The CIT Appeals, through its order, allowed the expenditure and deductions amounting to ₹ 829.90 Lakhs. Subsequently, the ACIT, Central Circle 1(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 269.36 Lakhs (March 31, 2019: ₹ 269.36 Lakhs). The matter is currently pending.
- (ix) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 377.87 Lakhs (March 31, 2019: ₹ 377.87 Lakhs) disallow SEL's claim for deduction for a sum of ₹ 7716.78 Lakhs (March 31, 2019: ₹ 7716.78 Lakhs) under Section 80IA(4) of the IT Act for assessment years 2013-14. SEL has preferred an appeal before the CIT(A), Ahmedabad. The CIT Appeals, through its order, allowed the expenditure and deductions amounting. Subsequently, the DCIT, Central Circle 4(1)(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 836.74 Lakhs (March 31, 2019: ₹ 836.74 Lakhs). The matter is currently pending.
- (x) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 448.85 Lakhs (March 31, 2019: ₹ 448.85 Lakhs) disallow SEL's claim for deduction for a sum of ₹ 2993.28 Lakhs (March 31, 2019: ₹ 2993.28 Lakhs) under Section 80IA(4) of the IT Act for assessment years 2014-15. SEL has preferred an appeal before the CIT(A), Ahmedabad. The CIT Appeals, through its order, allowed the expenditure and deductions amounting. Subsequently, the DCIT, Central Circle 4(1)(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 1048.50 Lakhs (March 31, 2019: ₹ 1048.50 Lakhs). The matter is currently pending.
- (xi) There was a search u/s 132 of income tax on the company on 06.04.2017. The company has received notice u/s 153A to file the income tax return for the FY 2011-12 to 2016-17. The company has filled the return in response to notice u/s 153A and submitted the required details during the course of hearing. The company has not received any assessment order till date of signing of this financial statement. The company has received notice u/s 148 for the FY 2010-11. The company has challenged the validity of notice in High court of Gujarat which was admitted. The case is pending.
- (xii) 1. The Deputy Commercial Tax Commissioner, Audit Division-1 Ahmedabad has passed order against "Jilin Sadbhav JV" for VAT demand of ₹ 702.00 Lakhs (March 31, 2019: ₹ 702.00 Lakhs) inclusive of interest ₹ 330.18 Lakhs and Penalty of ₹ 74.36 Lakhs (March 31, 2019: ₹ 74.36 Lakhs). In Jilin-Sadbhav JV, Sadbhav Engineering Limited is having 48% share. Against this Order the Joint Venture has filed an appeal in the Gujarat Value Added Tax Tribunal at Ahmedabad. The Tribunal, through its order, granted a stay against the recovery of outstanding demand on payment of ₹ 15 Lakhs (March 31, 2019: ₹ 15.00 Lakhs). As the company has paid ₹ 15.00 Lakhs, no provision has been made.
- (xii) The Deputy commissioner of Commercial Taxes, Jharkhand has passed an Assessment Order under Jharkhand Value Added Tax, 2005 for FY 2010-11 for demand of ₹ 77.40 lakhs (March 31, 2019: ₹ 77.40 Lakhs) and also has passed order for FY 2011-12 with demand of ₹ 152.83 lakhs (March 31, 2019: ₹ 152.83 Lakhs). The company has filled Revision Application against both the orders to the "The Commissioner, Commercial Taxes Department - Jharkhand" therefore the same has not been provided in the Books of Accounts.

## Notes forming Part of the financial statements

- (xiv) The Company has received demand order from the Tehsildar, Savantwadi district, Maharashtra of ₹ 34,925.77 Lakhs on account of execution of “Insuli Check post” of Maharashtra Border Check Post project of the company through their back to back sub-contractor for matter relating to the period of FY 2008-09. Said subcontractor has received “No Dues Certificate” from the office of District Collector & District Magistrate, Sindhudurg on 07th July, 2017 for the said “Insuli check Post. The Company is strongly condemning the impugned Order which is devoid of having any merits and is against the order of the Honorable High Court, Mumbai. Hence said order has been challenged by the company before appropriate Appellate Tribunal and the company is confident of defending the case on merits. The Case is pending.
- (xv) (i) A case before Workmen Compensation Commissioner, Udaipur was filed for compensation of ₹ 11.69 Lakhs (March 31, 2019: ₹ 11.69 Lakhs) under Employees Compensation Act, 1923. The matter is currently pending.
- (ii) A case before Labour Court at Ahmedabad, was filed for compensation against the company. The labour court has directed to pay compensation of ₹ 3.63 Lakhs (March 31, 2019: 3.63). The company has filled appeal before the High court of Gujarat. The matter is currently pending.
- (iii) An employee has filed case before Labour court at Balaghat for compensation of ₹ 13.20 Lakhs (March 31, 2019: ₹ 13.20 Lakhs) under Workmen Compensation Act, 1923. The matter is currently pending.
- (xvi) SEL has moved to Nagpur High Court for release of penalty amount ₹ 113.45 Lakhs against the services provided at Junad Mines of WCL. The case is pending.
- (xvii) Retention of 226 workers at UCIL Site. SEL have received 3 legal notices from Ministry of Labour and Employment, out of which one Notice is from deputy labour commissioner and two Notices are from Asst. labour commissioner regarding Non implementation of award by tribunal cum labour court Dhanbad. The Labour Court, dhanbad has given the order in favour of the workers. The company has filled the appeal in Jharkhand High court at Ranchi. The Matter is pending.
- (xviii) The Directorate of Revenue Intelligence, Lucknow issued a show cause notice to SEL on dated 22/11/2017, seeking reasons for not demanding ₹ 187.89 Lakhs with respect to the customs duty on importing Electronic Sensor paver Finisher, which was valued at ₹ 726.77 Lakhs by SEL. The DRI contended that SEL wrongly claimed a nil rate of customs duty as per Notification No. 12/2012, pertaining to exemption from payment of custom duty. Company has filed an appeal before the Commissioner of Customs Customs Commisninate-II against the above aforesaid showcase notice and Commissioner had passed order and confirmed the demand and also impose penalty of Rs. 50.00 lakhs. Company has filed appeal before Customs, Excise & Service Tax Appellate Tribunal, Chennai. The matter is pending.
- (b) Other Money for which the company is contingently liable:
- (i) The Finance Act (2), 2009 has amended Section 80IA(4) of the Income Tax Act, 1961 by substituting an explanation to Section 80IA with retrospective effect from 01.04.2000. On the basis of legal opinion and decided cases, the Company has continued to claim deduction under section 80-IA(4) of the Act on eligible projects and consequently the Company considers it appropriate not to create a liability for provision of Income Tax. However an amount of Total income tax of ₹ 21595.39 Lakhs (March 31, 2019: ₹ 20320.70 Lakhs) on claim of deduction/s 80IA for the AY 2015-16 to AY 2019-20 has been consider as contingent liability for which assessment is not completed.
- (ii) Siddharth Infraprojects Private Limited (the “Claimant”) has initiated an arbitration proceeding against SEL in relation to a sub-contract agreement dated October 31, 2007 between the Claimant and SEL. Pursuant to the aforesaid sub-contract agreement, SEL sub contracted the work under the main contract between SEL and MPRDC for rehabilitation and upgradation of package 11 of Seoni Chiraidongri Road. The Claimant has alleged that SEL had committed breaches of the terms of the sub-contract agreement by unilaterally reducing its scope of work covered under the sub-contract agreement without the permission of the MPRDC. The Claimant has claimed an aggregate amount of ₹ 8160.00 Lakhs (March 31, 2019: ₹ 8160.00 Lakhs) on account of, inter alia: (i) amount not paid for the work done; (ii) overhead losses suffered by the Claimant; (iii) losses suffered on account of profit not earned at appropriate time; (iv) loss of productivity; (v) opportunity losses; (vi) compensation for interest charges paid to the bank; (vii) loss due to under utilized tools, plants and machineries. SEL has been submitted its statement of defense before the Arbitral Tribunal. The aggregate amount involved is ₹ 8160 Lakhs (March 31, 2019: ₹ 8160.00 Lakhs). The matter is currently pending.
- (c) **Guarantees:**
- Company has given corporate guarantee to banks for 43265.00 Lakhs (March 31, 2019: ₹ 91692 Lakhs) against the finance facility given by the banks to subsidiary companies.

## Notes forming Part of the financial statements

### B Capital & other Commitments

The followings are the estimated amount of contractual commitments of the company: (₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Sub Ordinate Debt/Equity Shares in Subsidiaries	10825.00	0.00
(ii) Other Commitment	1554.65	2790.49

### 41. Dividend

(₹ in Lakhs)

Particulars	₹ Per Share	As at March 31, 2020	As at March 31, 2019
Dividend Proposed and not recognized at the end of reporting period	Nil (Rs.1)	0	1715.71
Dividend (Including tax on Dividend) paid during the reporting period	1.00	1818.47	1966.37

### 42. Financial Instruments

#### 42.1 Disclosure of Financial Instruments by Category

As at March 31, 2020

(₹ in Lakhs)

Financial instruments by categories	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value
<b>Financial asset</b>						
Investments in Equity Instruments of Other Companies	5	-	55.54	-	55.54	55.54
Investments in Bonds and Debentures	5	-	-	527.57	527.57	527.57
Investments in Subdebt	5	-	-	-	-	-
Investments in NSC	5	-	-	14.78	14.78	14.78
Trade Receivables	7 & 13	-	-	1,93,308.70	1,93,308.70	1,93,308.70
Long term Loans and Advances	8	-	-	47,044.38	47,044.38	47,044.38
Other Long term Financial Assets	9	-	-	266.44	266.44	266.44
Cash and Cash Equivalents	14	-	-	2,130.53	2,130.53	2,130.53
Bank Balances other than Cash and Cash equivalents	15	-	-	10,183.78	10,183.78	10,183.78
Loan given - Current	16	-	-	703.21	703.21	703.21
Other current financial assets	17	-	-	42,509.26	42,509.26	42,509.26
<b>Total Financial Asset</b>		-	<b>55.54</b>	<b>2,96,688.65</b>	<b>2,96,744.19</b>	<b>2,96,744.19</b>
<b>Financial liability</b>						
Long Term Borrowings	22	-	-	38,883.16	38,883.16	38,883.16
Other Long term Financial Liabilities	23	-	-	1,597.21	1,597.21	1,597.21
Short Term Borrowings	25	-	-	68,022.57	68,022.57	68,022.57
Trade Payables	26	-	-	55,292.34	55,292.34	55,292.34
Other Current Financial Liabilities	27	-	-	41,960.75	41,960.75	41,960.75
<b>Total Financial Liabilities</b>		-	-	<b>2,05,756.03</b>	<b>2,05,756.03</b>	<b>2,05,756.03</b>

## Notes forming Part of the financial statements

As at March 31, 2019						(₹ in Lakhs)
Financial instruments by categories	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value
<b>Financial asset</b>						
Investments in Equity Instruments of Other Companies	5	-	55.54	-	55.54	55.54
Investments in Bonds and Debentures	5	-	-	527.57	527.57	527.57
Investments in Subdebt	5	-	-	1,992.61	1,992.61	1,992.61
Investments in NSC	5	-	-	14.78	14.78	14.78
Non Current Trade Receivables	7 & 13	-	-	1,64,158.83	1,64,158.83	1,64,158.83
Long term Loans and Advances	8	-	-	3,896.28	3,896.28	3,896.28
Other Long term Financial Assets	9	-	-	730.22	730.22	730.22
Cash and Cash Equivalents	14	-	-	3,457.61	3,457.61	3,457.61
Bank Balances other than Cash and Cash equivalents	15	-	-	2,578.96	2,578.96	2,578.96
Loan to Related Parties - Current	16	-	-	68,575.97	68,575.97	68,575.97
Other current financial assets	17	-	-	36,278.18	36,278.18	36,278.18
<b>Total Financial Asset</b>		-	<b>55.54</b>	<b>2,82,211.01</b>	<b>2,82,266.55</b>	<b>2,82,266.55</b>
<b>Financial liability</b>						
Long Term Borrowings	22	-	-	63,951.38	63,951.38	63,951.38
Other Long term Financial Liabilities	23	-	-	552.93	552.93	552.93
Short Term Borrowings	25	-	-	73,058.14	73,058.14	73,058.14
Trade Payables	26	-	-	43,526.39	43,526.39	43,526.39
Other Current Financial Liabilities	27	-	-	24,644.91	24,644.91	24,644.91
<b>Total Financial Liabilities</b>		-	-	<b>2,05,733.75</b>	<b>2,05,733.75</b>	<b>2,05,733.75</b>

42.2 The Fair value of Investments in Bonds and Debentures, NSCs, Long term Loans and advances, Bank Deposits with more than 12 months maturities and earmarked balances approximate carrying value as the interest rate of the said instruments are at the prevailing market rate of interest.

The Fair value of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their carrying amount because they are of short term nature.

The carrying amount of financial assets and financial liabilities (other than borrowed funds) measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

The fair value of Borrowed Funds approximate carrying value as the interest rate of the said instruments are at the prevailing market rate of interest.

## Notes forming Part of the financial statements

42.3 Refer Note 46 for information on financial asset pledged as security

### 43. Fair Value Measurement of Financial Assets and Liabilities

#### 43.1 Fair value hierarchy

(₹ in Lakhs)

As at March 31, 2020	Note No.	Level 1	Level 2	Level 3	Total
<b>Financial asset measured at FVTPL - Recurring FVM</b>					
Receivables under Derivative Contracts	9	-	-	-	-
<b>Total of Financial Assets</b>		-	-	-	-
<b>Financial asset measured at FVTOCI</b>					
Investments in Equity Instruments of other Entities	6	-	55.54	-	55.54
<b>Total of Financial Assets</b>		-	<b>55.54</b>	-	<b>55.54</b>
<b>As at March 31, 2019</b>					
<b>Financial asset measured at FVTPL - Recurring FVM</b>					
Receivables under Derivative Contracts	9	-	70.80	-	70.80
<b>Total of Financial Assets</b>		-	<b>70.80</b>	-	<b>70.80</b>
<b>Financial asset measured at FVTOCI - Recurring FVM</b>					
Investments in Equity Instruments of other Entities	6	-	55.60	-	55.60
<b>Total of Financial Assets</b>		-	<b>55.60</b>	-	<b>55.60</b>

43.2 There are no transfer between level 1 and level 2 during the year.

43.3 The company policy is to recognize transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

#### 43.4 Valuation technique and inputs used to determine fair value in level 2

The Company enters into derivative financial instruments with Bank. Interest rate swaps, option contract are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques includes forward pricing and swap models, using present value calculations. The modes incorporate various inputs include currency spot rate, risk free interest rate of respective currency, currency volatility and interest rate curves. The derivative instrument fair value using marked-to-market valuation as at March 31, 2019.

The cost of investments in equity instruments approximates fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

### 44. Financial Risk Management

#### 44.1 Financial Instruments Risk management objectives and Policies

The Company's principal financial liabilities comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include Investments, trade & other receivables and cash and bank balance that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk. In order to minimize any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign currency option contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge certain variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.



## Notes forming Part of the financial statements

### 44.2 Market Risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include borrowings, Investments, other receivables, trade and other payables and derivative financial instruments.

Within the various methodologies to analyse and manage risk, Company has implemented a system based on “sensitivity analysis” on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 100-basis points of the interest rate yield curves in all currencies. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and provisions.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2 %

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of profit & loss may differ materially from these estimates due to actual developments in the global financial markets.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

### 44.3 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company has obtained foreign currency loans and is, therefore, exposed to foreign exchange risk. The Company may use foreign exchange options towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirements and risk management strategy of the company.

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy.

The Company's exposure to Foreign Currency Risk is as follows:

(₹ in Lakhs)

Particulars	Currency	March 31, 2020	March 31, 2019
ECB Loans	USD	22.22	33.33
	Equivalent INR	1,681.44	2,305.71
Buyer's Credit	EURO	47.05	47.40
	Equivalent INR	3,894.33	3,683.09
GCTL Loans	EURO	10.75	10.75
	Equivalent INR	889.78	835.30

#### Sensitivity Analysis

Exchange difference arising from translation of ECB Loans, being long-term foreign currency monetary items, which are capitalized and depreciated over the remaining useful life of the asset and therefore, impact on Profit / Loss for the year ending March 31, 2020 and March 31, 2019 is considered as Nil.

### 44.4 Interest Rate Risk

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates.

Under an interest rate swap agreement, the Company either agrees to pay an amount equal to a specified fixed-rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable-rate of interest times the same notional principal amount or, vice-versa, to receive a fixed-rate amount and to pay a variable-rate amount. The notional amounts of the contracts are not exchanged. No other cash payments are made unless the agreement is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

## Notes forming Part of the financial statements

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows: (₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
<b>Variable rate borrowings in INR</b>		
ECB Loans	1681.44	2,305.71
Short Term loan from banks	67,715.98	72,916.43
	<b>69,397.42</b>	<b>75,222.14</b>

Sensitivity analysis (₹ in Lakhs)

Interest Rate Risk Analysis	Impact on profit/ loss before tax	
	March 31, 2020	March 31, 2019
Interest rate increase by 100 basis point	(693.97)	(752.22)
Interest rate decrease by 100 basis point	693.97	752.22

The effect of interest rate changes on future cash flows is excluded from this analysis.

### 44.5 Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys cash management system. It maintains adequate sources of financing including debt at an optimized cost.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(₹ in Lakhs)

As at March 31, 2020	Contractual Maturity	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Non Convertible Debentures	15,000.00	5,000.00	5,000.00	-	-
Foreign Currency Term Loan	1,681.44	840.72	840.70	-	-
Long Term Rupee Loan from Banks & Fin. Inst.	39,517.07	11,474.63	14,592.70	13,449.74	-
Other Long term Payables	1,597.21	-	1,597.21	-	-
Short Term Borrowings	68,022.57	68,022.57	-	-	-
Trade Payables	55,292.34	55,292.34	-	-	-
Other Short Term Payables	2,529.13	2,529.13	-	-	-

As at March 31, 2019	Total	Upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Non Convertible Debentures	40,320.23	6,320.23	-	34,000.00	-
Foreign Currency Term Loan	3140.39	768.57	768.57	1,603.25	-
Long Term Rupee Loan from Banks & Fin. Inst.	42,212.59	14,633.03	14,525.18	13,054.38	-
Other Long term Payables	552.93	-	552.93	-	-
Short Term Borrowings	73,058.14	73,058.14	-	-	-
Trade Payables	43,526.39	43,526.39	-	-	-
Other Short Term Payables	2,923.08	2,923.08	-	-	-

## Notes forming Part of the financial statements

### 44.6 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk encompasses both, the direct risk of default and the risk of deterioration of credit worthiness.

Credit risk arises primarily from financial assets such as trade and other receivables, Loans and advances, cash and cash equivalent and other balances with banks.

Credit risk on cash and cash equivalents is limited as company deposits with the banks.

The company generally gives loans and advances to its subsidiaries and employees. Hence, the management believes that the company is not exposed to any credit risk in respect of such loans and advances.

In respect of trade receivables, credit risk is being managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. All trade receivables are also reviewed and assessed for default on a regular basis.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables as on March 31, 2020 - ₹ 193308.70 Lakhs, as on March 31, 2019 - ₹ 164158.83 Lakhs.

### 45. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other reserves attributable to the equity holders of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity.

The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows generated.

Summary of Quantitative Data is given hereunder:

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Equity	1,751.71	1,715.71
Other Equity	2,08,682.77	2,01,651.21
<b>Total</b>	<b>2,10,398.48</b>	<b>2,03,366.92</b>

The company does not have any externally imposed capital requirement.

### 46. Asset pledged as security

Carrying Value of Assets pledged as security

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
<b>Non Financial Asset</b>		
Tangible asset-Property, Plants & Equipments	38,074.16	36,053.06
<b>Financial Asset</b>		
Trade Receivables	1,93,308.70	1,64,158.33
Inventory	14,724.75	17,917.21

### 47. Detail of Investments in Subsidiaries, Associates and Joint Ventures

(₹ in Lakhs)

Name of the entity	Type of entity	Place of business	Ownership interest held by the company	
			As at March 31, 2020	As at March 31, 2019
Sadbhav Infrastructure Project Ltd.	Subsidiary	Ahmedabad	69.50%	69.05%
Mysore-Bellary Highway Pvt. Ltd. *	Subsidiary	Ahmedabad	-	74.00%
Sadbhav Gadag Highway Pvt. Ltd.	Subsidiary	Ahmedabad	100.00%	0.00%
Ahmedabad Ring Road Infrastructure Ltd.	Step down Subsidiary	Ahmedabad	-	-
Aurangabad Jalna Tollway Ltd. *	Step down Subsidiary	Ahmedabad	-	-
Bhilwara Rajsamand Tollway (P) Ltd. *	Step down Subsidiary	Ahmedabad	0.00%	0.00%
Bijapur Hungud Tollway Pvt Ltd. *	Step down Subsidiary	Ahmedabad	-	-

## Notes forming Part of the financial statements

Dhule Palasner Tollway Ltd. *	Step down Subsidiary	Ahmedabad	-	-
Hyderabad-Yadgiri Tollway Pvt Ltd. *	Step down Subsidiary	Ahmedabad	-	-
Maharashtra Border Check Post Pvt Ltd.	Step down Subsidiary	Ahmedabad	-	2.63%
Nagpur Seoni Expressway Ltd. *	Step down Subsidiary	Ahmedabad	-	0.00%
Rohtak-Hissar Tollway (P) Ltd.	Step down Subsidiary	Ahmedabad	-	0.00%
Rohtak-Panipat Tollway (P) Ltd.	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Bangalore Highway Pvt. Ltd.	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Bhavnagar Highway Pvt. Ltd.	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Jodhpur ring road private limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Nainital Highway Pvt. Ltd.	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Rudrapur Highway Pvt. Ltd.	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Tumkur highway private limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Udaipur highway private limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Una Highway Pvt. Ltd.	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Vidarbha Highway Private Limited	Step down Subsidiary	Ahmedabad	-	-
Shreenathji Udaipur Tollway Ltd. *	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Vizag Port Road Private Limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Kim Expressway Private Limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Bhimasar Bhuj Highway Private Limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav hybrid Annuity Project Limited	Step down Subsidiary	Ahmedabad	-	-
<b>SEL-GKC JV</b>	<b>Joint Venture</b>	<b>Ahmedabad</b>		
Radhanpur - Manpura Project	-		52.00%	52.00%
Vishakhapatnam Project	-		50.00%	50.00%
Omkareshwar Project	-		60.00%	60.00%
Karimnagar Project	-		52.00%	52.00%
Omkareshwar Project	-		40.00%	40.00%
Managuru Project	-		51.00%	51.00%
BSHP-II Project	-		50.00%	50.00%
Govindpur Project	-		50.00%	50.00%
<b>SEL-Annapurna</b>	<b>Joint Venture</b>	<b>Ahmedabad</b>		
Basantimata Project			80.00%	80.00%
<b>SEL-Vishnushiva</b>	<b>Joint Venture</b>	<b>Ahmedabad</b>		
Vishnushiva Maheshpur Project	-		75.00%	75.00%
Vishnushiva Jalipa / Kapurdi Project	-		98.00%	98.00%
<b>SEL-Vaishnovi JV - Halon Project</b>	<b>Joint Venture</b>	<b>Ahmedabad</b>	<b>72.00%</b>	<b>72.00%</b>
<b>Corsan Corviam Const S.A.-SEL JV</b>	<b>Joint Venture</b>	<b>Ahmedabad</b>		

## Notes forming Part of the financial statements

DMRC-CC43 Project	--		40.00%	40.00%
DMRC-CC47 Project	--		40.00%	40.00%
<b>PBA SADBHAV JV</b>	<b>Joint Venture</b>	<b>Ahmedabad</b>	<b>50.00%</b>	<b>50.00%</b>
<b>SEL-PIPL JV</b>	<b>Joint Venture</b>	<b>Ahmedabad</b>	<b>51.00%</b>	<b>51.00%</b>

47.1 Sadbhav Infrastructure Project Ltd.. is the holding company of all the step down subsidiary companies.

47.2 Investments in Subsidiaries, Associates and Joint Ventures are accounted at Cost.

### 48. Segment Reporting

The Company is primarily engaged in the business of Engineering, Procurement and Construction (EPC) relating to infrastructure sector comprising of Roads, Bridges, Irrigation, Mining, Metro, Power etc. Information reported to and evaluated regularly by the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessing performance focuses on the business as a whole and accordingly, in the context of operating segment as defined under Ind AS 108 "Operating Segments" there is a single reportable segment " EPC." Hence no segment reporting is made.

### 49. List of Related Parties

#### (a) Related Party with whom Control Exists

##### Subsidiary

Sadbhav Infrastructure Project Limited, Mysore-Bellary Highway (P) Ltd. & Sadbhav Gadag Highway Pvt. Ltd.

\* Transferred to Indinfravit Trust with effect from 14th February, 2020

##### Step-down Subsidiaries:

"\*Nagpur-Seoni Express Way Limited, Ahmedabad Ring Road Infrastructure Limited, \*Aurnagabad-Jalna Tollway Limited, Rohtak Panipat Tollway Pvt. Ltd., \*Bijapur Hungund Tollway Pvt. Ltd, \*Hyderabad Yadgiri Tollway Pvt. Ltd. Maharashtra Border Check Post Network Ltd., \*Shreenathji Udaipur Tollway Pvt. Ltd,\* Bhilwara Rajsamand Tollway Pvt. Ltd.,\*Dhule Palesner Tollway Ltd. and Rohtak-Hissar Tollway (P) Ltd., Sadbhav nainital Highway Pvt.Ltd., Sadbhav Rudrapur Highway Pvt.Ltd., Sadbhav Bhavnagar Highway Pvt. Ltd., Sadbhav Una Highway Pvt.Ltd., Sadbhav Bangalore Highway Pvt. Ltd.,Sadbhav Vidarbha highway private limited ,Sadbhav Udaipur highway private limited,Sadbhav Jodhpur ring road private limited, Sadbhav Tumkur highway private limited, Sadbhav Bhimasar Bhuj Highway Pvt. Ltd., Sadbhav Vizag Port Highway Pvt.Ltd., Sadbhav Kim Express way Pvt Ltd., Sadbhav Hybrid Annuity Project Ltd."

\* Transferred to Indinfravit Trust with effect from 14th February, 2020

##### Joint Ventures:

SEL-GKC JV, Sadbhav-Annapurna, Sadbhav-Vishnushiva, Sadbhav Engineering Ltd Vaishnovi Construction, Corsan Corviam Construction SA - Sadbhav and SEL-PIPL, PBA-SADBHAV

#### (b) Related Party with whom transaction during the year

##### Key Management Personnel (KMP):

Shri Shashinbhai V. Patel, Shri Nitin R. Patel,Shri Vikram R. Patel, Shri Vasistha C. Patel,Shri Vipul H Patel, Shri Tushar D. Shah, Shri Atul Ruparel, Shri Arun S Patel, Shri Mirat N Bhatlwal, Shri Sandip Patel, Smt. Purvi S Parikh, Dr. Tarang M. Desai

##### Relatives of KMP:

Smt. Shantaben V. Patel

##### Entities in which KMP / relatives of KMP can exercise significant influence

Sarjan Infracon Pvt. Ltd., Veer Infracon Pvt Ltd, Veer Procon Ltd., Sadbhav Finstock Pvt.Ltd., Sadbhav Realty Pvt Ltd, Sadbhav Quarry Works Pvt.Ltd., Bhavna Engineering Company Pvt Ltd., Sakar Infra Nirman Pvt. Ltd., Ennar Infra Solutions LLP

Transactions	Years	Subsidiaries & Step Down Subsidiaries	Joint Venture	Key Management Personnel (KMP)	Relative of KMP and Enterprises over which KMP/ Relatives of KMP having significant influence	TOTAL
<b>Transactions with Related Parties</b>						
Sub contracting	2019-20	99,166.61	2,711.76	-	-	101,878.37
Income	2018-19	(207,691.69)	(8,233.66)	-	-	(215,925.35)
Providing of services	2019-20	231.75	0.60	-	-	232.35
	2018-19	(240.75)	(0.60)	-	-	(241.35)
Sub contracting	2019-20	5,048.65	-	-	964.26	6,012.91
Expenditure	2018-19	(3,459.52)	-	-	(1,762.46)	(5,221.98)

## Notes forming Part of the financial statements

Purchase of Material	2019-20	-	-	-	318.57	318.57
	2018-19	-	-	-	-	-
Sale of Material	2019-20	-	-	-	19.45	19.45
	2018-19	-	-	-	-	-
Services Received	2019-20	-	-	-	6.00	6.00
	2018-19	-	-	-	6.00	6.00
Remuneration Expenses	2019-20	-	-	672.49	-	624.99
	2018-19	-	-	(673.39)	-	(673.39)
Investment In Sub Debt	2019-20	534.87	-	-	-	534.87
	2018-19	(1,992.61)	-	-	-	(1,992.61)
Director Sitting Fees	2019-20	-	-	4.50	-	4.35
	2018-19	-	-	(2.70)	-	(2.70)
Interest Expenses	2019-20	-	-	-	13.29	13.29
	2018-19	-	-	-	(15.32)	(15.32)
Interest Income	2019-20	9,790.86	-	-	-	9,790.86
	2018-19	(6,850.49)	-	-	-	(6,850.49)
Fixed Assets Purchases	2019-20	-	-	-	-	-
	2018-19	(3.97)	-	-	-	(3.97)
Expenses incurred on behalf and recovered	2019-20	20.19	-	-	10.58	30.77
	2018-19	(756.21)	-	-	-	(756.21)
Unsecured Loan given	2019-20	48,462.56	-	-	-	48,462.56
	2018-19	(47,170.26)	-	-	-	(47,170.26)
Unsecured Loan received back	2019-20	77,584.01	-	-	-	77,584.01
	2018-19	(46,540.51)	-	-	-	(46,540.51)
Unsecured Loan Received	2019-20	-	-	-	2,313.50	2,313.50
	2018-19	-	-	-	-	-
Unsecured Loan Repaid	2019-20	-	-	-	2,150.00	2,150.00
	2018-19	-	-	-	(30.23)	(30.23)
Advance Paid Against Asset Purchase	2019-20	-	-	-	2,336.50	2,336.50
	2018-19	-	-	-	-	-
Advance Received Back Against Asset Purchase	2019-20	-	-	-	2,336.50	2,336.50
	2018-19	-	-	-	-	-
Mobilization/Material/Machinery Advance Received	2019-20	10,081.48	11.95	-	-	10,093.43
	2018-19	(20,875.81)	-	-	-	(20,875.81)
Mobilization/Material/Machinery Advance Repaid	2019-20	2,209.75	168.21	-	-	2,377.96
	2018-19	(22,198.39)	(16.82)	-	-	(22,215.21)
Security Deposit/Retention Deducted by Clients	2019-20	6,450.77	2,665.51	-	-	9,116.28
	2018-19	(11,879.96)	(407.72)	-	-	(12,287.68)
Security Deposit/Retention Released by Clients	2019-20	5,548.66	1,459.93	-	-	7,008.59
	2018-19	(8,888.47)	(1,549.58)	-	-	(10,438.05)
Security Deposit/Retention Deducted from Sub-contractors	2019-20	200.25	-	-	59.02	259.27
	2018-19	(111.25)	-	-	(37.13)	(148.38)
Security Deposit/Retention Paid from Sub-contractors	2019-20	311.50	-	-	120.37	431.87
	2018-19	-	-	-	(308.47)	(308.47)
Dividend Received	2019-20	729.64	-	-	-	729.64
	2018-19	(1,215.94)	-	-	-	(1,215.94)

## Notes forming Part of the financial statements

Dividend	2019-20	-	-	142.82	655.81	798.63
Paid	2018-19	-	-	(141.53)	(655.82)	(797.35)
<b>Outstanding Balance at year end</b>						
Trade	March 31, 2020	29,744.44	2,006.05	-	-	31,750.49
Receivable	March 31, 2019	(50,549.98)	(1,772.49)	-	-	(52,322.47)
Trade	March 31, 2020	-	-	54.65	783.44	838.09
Payable	March 31, 2019	(2,610.64)	-	(37.50)	(190.98)	(2,839.12)
Unsecured	March 31, 2020	55,323.92	-	-	-	55,323.92
Loan given	March 31, 2019	(73,901.95)	-	-	-	(73,901.95)
Mobilization/Mat	March 31, 2020	12,553.03	0.11	-	-	12,553.14
erial/Machinery	March 31, 2019	(4,681.30)	(62.62)	-	-	(4,618.68)
Advance Received	March 31, 2020	7,500.84	10,017.95	-	-	17,518.79
Security	March 31, 2019	(6,571.80)	(9,662.35)	-	-	(16,234.15)
Deposit/Retention	March 31, 2020	-	-	-	169.65	169.65
Deducted by	March 31, 2019	(111.25)	-	-	(228.34)	(339.59)
Clients	March 31, 2020	-	-	-	306.59	306.59
Security	March 31, 2019	-	-	-	(141.70)	(141.70)
Deposit/Retention	March 31, 2020	-	-	-	-	-
Deducted from	March 31, 2019	(0.02)	-	-	-	(0.02)
Sub-contractors	March 31, 2020	2527.48	-	-	-	2,527.48
Unsecured Loan	March 31, 2019	(1,992.61)	-	-	-	(1,992.61)
received	March 31, 2020	-	-	-	-	-
Advance Received	March 31, 2019	-	-	-	-	-
against Sale of	March 31, 2020	-	-	-	-	-
Shares	March 31, 2019	-	-	-	-	-
Investment In	March 31, 2020	-	-	-	-	-
Sub Debt	March 31, 2019	-	-	-	-	-

### NOTE:

- Sub-contracting income from subsidiaries includes ₹ 14764.05 lakh (₹ 32010.69 lakhs), ₹ 14759.79 lakhs (₹ 37229.62 lakhs), ₹ 13924.58 lakhs (₹ 50992.47 lakhs), Rs. 11636.32 (₹ 16456.78) lakhs, ₹ 11035.94 lakhs (₹ 21201.25) from Sadbhav Udaipur Highway Pvt. Ltd., Sadbhav Vidarbh Highway Pvt Ltd, Sadbhav Bangalore Highway Pvt. Ltd., Sadbhav Jodhpur Ring Road Pvt. Ltd. and Sadbhav Bhavnagar Highway Pvt. Ltd., respectively.
- Sub contracting expenditure of Relatives of Key Personnel and Enterprises over which Relatives of Key Managerial Persons have significant influence includes ₹ 563.23 Lakhs (₹ 655.34 lakhs), ₹ 401.03 lakhs (₹ 629.05 lakhs), payable to Sarjan infracon pvt ltd and Veer Infracon pvt ltd, respectively.  
Sub contracting expenditure from subsidiaries includes ₹ 5048.65 Lakhs (₹ 3459.52 Lakhs) Sadbhav Infrastructure Project Ltd. respectively. Material Purchase expenditure of Relatives of Key Personnel and Enterprises over which Relatives of Key Managerial Persons have significant influence includes ₹ 318.57 Lakhs (Rs.NIL) payable to Sakar Infra Nirman Pvt. Ltd. respectively
- Remuneration expenses includes ₹ 84.00 lakhs (₹ 84.00 lakhs) paid to Nitin R. Patel, Executive Director & CFO of the company.
- Interest Income from subsidiaries includes ₹ 9362.27 lakhs (₹ 6026.47 Lakhs) receivable from SIPL.
- The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- Terms and conditions of the balance outstanding  
Outstanding balances at the year end are unsecured and interest free except short term loan and settlement occurs in cash as per the terms of agreement  
Short term loans (unsecured) in INR given to Sadbhav Infrastructure Projects Ltd (SIPL) carries interest rate @11% p.a. (March 31, 2019 : 11% )  
The company has not provided any commitment to the related party As at March 31, 2020 except mentioned at Note No. 49  
Outstanding balances towards rent and reimbursement are unsecured and will be settled as per the terms of the agreement.  
There is no guarantee given or received except mentioned at Note No 58 agreement. There is no guarantee given or received except mentioned at Note No. 58

## Notes forming Part of the financial statements

50. There was no impairment Loss on fixed assets on the basis of review carried out by the management in accordance with Ind AS - 36 - "Impairment of Assets"

51. **Dividend in Foreign Currency**

Details of amount remitted during the year in foreign currency on account of dividends

(₹ in Lakhs)

Category of Shareholders	Number of Shares	Number of Shareholders	Amount Remitted during the year	Year to which dividend relates
Foreign Institutional Investor	22,644,277	89	226.44	2019-20
	282,11,988	111	282.12	2018-19
Non Resident Indians	1,50,721	428	1.51	2019-20
	1,47,290	387	1.47	2018-19
<b>Total</b>	22,794,998	517	227.95	2019-20
	28,359,278	498	283.59	2018-19

52. **Borrowing Cost:**

During the Year, Company has capitalized borrowing cost of ₹ 33.77 lakhs (March 31, 2019 : ₹ 27.94 lakhs) according to Ind AS-23 "Borrowing Cost" The capitalization rate used to determine the amount of borrowing cost to be capitalized is the interest rate applicable to the company's borrowing which 10% p.a.

53. **Payment to Auditors:**

(₹ in Lakhs)

Particulars	2019-20	2018-19
(i) For Audit	29.50	18.00
(ii) For Taxation matters	0.00	0.00
(iii) For Certification Works	2.00	2.00
(iv) Reimbursement of Expenses	0.00	0.00
<b>Total</b>	<b>31.50</b>	<b>20.00</b>

54. Pursuant to the definitive share purchase agreement dated July 1, 2019 between the Sadbhav infrastructure Project limited (SIPL), a subsidiary company with Indinfravit Trust, the entire equity shareholding in seven of its subsidiary companies and Mysore Bellary Highway Private Limited (MBHPL) (a subsidiary of the Company) have been transferred to Indinfravit Trust with effect from 14th Feb, 2020. This has resulted into profit of ₹ 1701.44 lakhs which has been disclosed as exceptional item.

55. The COVID-19 pandemic is rapidly spreading across the world as well as in India and has caused shutdown across the country. The Company has resumed operations in a phased manner in line with the directives of the Government of India. The Company's management has made initial assessment of likely adverse impact on business, and believes that the impact may not be significant over the terms of its contracts. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at date of approval of these financial statements has used corroborative information. As on current date, the Company has concluded that the impact of Covid-19 is not material based on the evaluations. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties in future periods, if any. The management does not see any long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

56. The Board of Directors at their meeting dated October 19, 2019 have approved a scheme of merger and arrangement under Section 230 to 232 of Companies Act 2013, subject to the regulatory approvals required whereby, the Sadbhav Infrastructure Project Limited, a subsidiary will merge into the Company.

57. Debt Equity, Debt Service & Interest Service Coverage Ratio are as under

Sr. No.	Ratio	As at March 31, 2020	As at March 31, 2019
1	Debt Equity Ratio	0.27	0.43
2	Debt Service Coverage Ratio (DSCR)	0.96	1.48
3	Interest Service Coverage Ratio (ISCR)	2.12	3.02

ISCR=Earning before interest and tax / Interest expenses. DSCR=Earning before interest and tax / (Interest + Principal Repayment of long term debt during the period (excluding prepayment of long term debt from proceeds received from Sadbhav Infrastructure Project Limited, subsidiary of the Company, against funds received from Stake sale of operational - 8- projects ). Debt Equity Ratio=Loan Fund / Share Capital & Reserves (excluding revaluation reserve)



## Notes forming Part of the financial statements

### 58. DETAILS OF LOAN GIVEN, INVESTMENT MADE & GUARANTEE GIVEN COVERED U/s 186(4) OF THE COMPANIES ACT. 2013

Loans given and investment made are given under respective heads.

Corporate Guarantee given by the Company in respect of loans as at March 31, 2020:-

(₹ in Lakhs)

Sr. No.	Name of Company	As at March 31, 2020	As at March 31, 2019
1	Ahmedabad Ring Road Infrastructure Co. Ltd.	1020.00	1492.00
2	Sadbhav Infrastructure Project Ltd.	39620.00	90200.00
3	Sadbhav Nainital Highway Pvt Ltd.	2625.00	0.00
	<b>Total</b>	<b>43265.00</b>	<b>91692.00</b>

59. No Provision has been made for losses made by subsidiary companies as it is temporary diminution in the value of investments in subsidiaries

60. In the opinion of the Management, trade receivables and loans and Advances have a realizable value in the ordinary course of business not less than the amount at which they are stated in the balance sheet and provision for all known liabilities and doubtful assets have been made.

61. All amounts in the financial statements are presented in Rupees Lakhs except per share data and as otherwise stated.

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**

Chartered Accountants

Firm Regn. No. 102511W / W100298

**Harish B. Patel**

Partner

Membership No. 014427

Place: Ahmedabad

Date : 09/07/2020

For and on behalf of Board

**Shashin V. Patel**

Vice Chairman-Non Executive Director

DIN : 00048328

**Vasistha C. Patel**

Chief Executive Officer(CEO)

**Nitin R. Patel**

Executive Director & CFO

DIN : 00466330

**Tushar D. Shah**

Company Secretary

# ***Consolidated Financial Statements***

# ***Independent Auditor's Report on the Consolidated Financial Statements***

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**To, The Members of Sadbhav Engineering Limited**

## **Report on the Consolidated Ind AS Financial Statements**

Toll and Checkpost operation services

### **Opinion**

We have audited the accompanying consolidated financial statements of Sadbhav Engineering Limited (hereinafter referred to as "the Holding Company"), its subsidiaries and its step-down subsidiaries (the Holding Company, its subsidiaries and its step-down subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and step-down subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2020, their consolidated loss including other comprehensive income and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' 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 Act 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Emphasis of Matter**

- a. Note 50 of the accompanying consolidated Ind AS financial statement in respect of accounting of Intangible Asset / Intangible Assets under Development of INR 22,288.40 Lakhs under the Service Concession Arrangement of Maharashtra Border Check Post Network Limited, a subsidiary company, 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 statements.
- b. We draw attention to Note 65 of the accompanying consolidated financial results, as regards the management's evaluation of COVID-19 impact on the operations and assets of the Group. Our report is not modified in respect of this matter.
- c. Note 66 of the accompanying consolidated financial statements relating to the claim of Rs. 1,19,053.00 Lakhs lodged on National Highway Authority of India pending settlement, other operational matters and its consequential impact thereof on intangible assets of the subsidiary companies.

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Response to Key Audit Matter
<p><b>A. Recognition of revenue from construction services (refer note no 3.5 of the consolidated financial statements).</b></p> <p>Revenue of the Group is mainly from Construction Contracts. Revenue from these contracts are recognized over a period of time in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers.</p> <p>Due to the nature of the contracts, revenue recognition involves usage of percentage of completion method which is determined by survey of work performed, which involves significant judgments, identification of contractual obligations and the Group's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price and recognition of the liability for loss making contracts/onerous obligations.</p> <p>Revenue recognition involves aforesaid significant judgement and estimation. We therefore determined this to be a key audit matter.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Read the accounting policy for revenue recognition of the Group.</li> <li>• Obtained an understanding of the Group's processes and controls for revenue recognition process, evaluated the key controls around such process and tested those controls for the operating effectiveness.</li> <li>• Performed tests of details, on a sample basis, and inspected the underlying customer contracts and relevant supporting documents. Also on sample basis, inspected the relevant underlying documents i.e. Request for inspection (RFI) and Daily progress Report (DPR).</li> <li>• Sample of revenue disaggregated by type and service offerings was tested with the performance obligation specified in the underlying contracts. We assessed the management's evaluation for the status of completion for projects.</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basic of estimation of the variable consideration.</li> <li>• Performed analytical audit procedures for reasonableness of revenues disclosed by type and service offering.</li> </ul> <p>Assessed the relevant disclosures made by the Group in accordance with Ind AS 115.</p> <p><b>Conclusion</b></p> <p>Based on the procedures performed above, we did not find any material exceptions with regards to adoption of Ind AS 115 and timing of revenue recognition.</p>
<p><b>B. Inventory valuation</b></p> <p>Reference may be made to note 3.11 of significant accounting policies to the financial statements of the Group.</p> <p>Under Ind AS 2 Inventories, the valuation of raw material and other supplies have been an area of our focus being prime cost center of the Group. The valuation of finished goods has also been focused upon being of a material amount.</p> <p>Valuation of Inventory in accordance with Ind AS 2 has thus been considered as a key audit matter.</p>	<p>Our audit procedures comprised of the following:</p> <p>1. We have verified the maintenance of Stock Records with respect to Construction materials and stores and spare material and Inventory has being verified physically by management at year end and no material discrepancies have reported that need to be dealt with the books of accounts.</p> <p>We have selected a sample of items of construction materials and other supplies to check whether the rate per unit adopted for valuation is reflective of the last purchase rate (Realizable price). However, due to the COVID-19 related lock-down we were not able to participate in the physical verification of inventory that was carried out by the management prior to the year end.</p> <p>Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Consolidated Financial Results.</p> <p><b>Conclusion:</b></p> <p>Based on the procedures performed above, we have concluded that management has complied with the requirements of Ind AS 2 "Inventories".</p>

<p><b>C. Sale of subsidiaries and assets held for sale (refer note no 61 and 62 of the consolidated financial statements)</b></p> <p>During the year, the Subsidiary Company i.e. Sadbhav Infrastructure Project Limited (SIPL) has entered into the definitive share purchase agreement (SPA) dated July 01, 2019 with Indinfravit Trust for sale of its equity share of its 8 subsidiary of SIPL and 1 subsidiary of the company i.e. Sadbhav Engineering Limited (SEL).</p> <p>Out of above, equity shares of 7 step-down subsidiaries and 1 subsidiary of the Company have been transferred under above SPA to Indinfravit Trust on the closing date, upon receipts of all regulatory approvals and fulfilment of other conditions precedent as mentioned in the agreement. However, regulatory approval for 1 step down subsidiary is pending as at reporting date, accordingly assets and liabilities of such step-down subsidiary are disclosed as assets / liabilities held for sale in accordance with requirement of Ind AS 105.</p> <p>Accordingly, revenue, expenses and taxes in these entities have been included up to the closing date in these consolidated Ind AS financial statements and the resultant gain on sale of subsidiaries of INR 1,50,101.34 Lakhs recorded under exceptional item. This is considered as key audit matter due to the materiality of the amounts and judgement involved to determine net equity considerations because there are certain holdback amounts as per SPA which will be released upon fulfilment of certain conditions precedent in respect of sale of subsidiaries.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtained and read the SPA dated July 01, 2019 and completion letter submitted by the Company to Indinfravit Trust toward fulfilment of conditions precedent.</li> <li>• We agreed the cash consideration to bank statements and units of Indinfravit Trust received to demat statement. Also tested transfer of shares of respective companies from demat statement.</li> <li>• Tested the arithmetical accuracy of the gain working on sale of equity shares of subsidiaries and also reconciled the consideration to the SPA, other incidental expenses incurred to underlying accounting records and the net assets on the date of transfer to the audited interim special purpose financials of the subsidiaries.</li> <li>• Inquired status on progress of condition precedents with respect to one subsidiary (whose assets and liabilities are disclosed as held for sale) and conditions with respect to holdback amount as per SPA for the subsidiaries sold. Also obtained and reviewed relevant supporting documents for such conditions.</li> <li>• Assessed the disclosures made in the consolidated financial statements.</li> </ul>
<p><b>D. Impairment of BOT asset (Intangible) (as described in note no 3.9 of the consolidated financial statements)</b></p> <p>The Group operates toll asset which is constructed on Build Operate and Transfer (BOT) basis. The carrying value of the user fee rights ('UFR') as at March 31, 2020 is INR 1,46,502.60 Lakhs. The management has performed an impairment assessment by comparing the carrying value of UFR with its recoverable amount due to existence of impairment indicators including impact of COVID-19.</p> <p>For the purpose of impairment testing, recoverable amount has been determined based on discounted future cash flows. Further, the recoverable amount is highly sensitive to changes in key assumptions used for forecasting as well as the impact of the economic uncertainties arising from COVID-19 on the future cash flows including growth rate, discount rate, change in traffic and tolls and future operating and finance cost. Thus, the determination of the recoverable amount of the UFR involves significant judgement.</p> <p>Accordingly, the impairment of UFR accounted under concession arrangement was determined to be a key audit matter in our audit of the Ind AS consolidated financial statements.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's valuation methodology applied in determining the recoverable amount of UFR.</li> <li>• Obtained the financial model and understood the key assumptions around the cash flow forecasts like growth rate, change in traffic, user fee and future operating and finance costs considering the current and estimated future economic conditions, including the impact of COVID-19.</li> <li>• Together with our valuation specialists, we assessed the inputs and assumptions around the key drivers of the cash flow forecasts against historical performance, economic and industry indicators.</li> <li>• Performed sensitivity analysis of key assumptions.</li> <li>• Tested the arithmetical accuracy of the model.</li> </ul> <p>Assessed the adequacy of the disclosures made in the consolidated financial statements.</p>
<p><b>E. Provision toward periodical major maintenance obligations (as described in note 54 of the consolidated financial statements)</b></p> <p>As at March 31, 2020, the Group has recognised provision of INR 19,060.20 Lakhs (including INR 5,532.90 Lakhs pertaining to subsidiary classified as held for sale) towards its periodical major maintenance obligation, required to ensure maintenance of the project highways as per the requirement of concession agreement.</p> <p>The estimate made by the Group over the concession period, involves detailed calculation and estimation of traffic forecast and cost of resurface. In view of the judgement involved in determination of provision and the amount involved, the provision for major maintenance obligation is considered to be a key audit matter.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Understood the terms of concession agreement and the Group's process associated with the estimation of periodical major maintenance obligation.</li> <li>• Obtained and checked estimation working of major maintenance obligation prepared by the management and tested key assumptions such as traffic forecast and cost of resurface used in determining the provisions.</li> <li>• Also compared these assumptions with previous year and enquired into reasons for any variations;</li> </ul> <p>Tested the arithmetical accuracy and also assessed the disclosure in the consolidated Ind AS financial statement.</p>

<p><b>F. Receivable from authorities toward various claims (as described in note no 22 of the consolidated financial statements)</b></p> <p>As at March 31, 2020, the Group has recognised INR 13,216.00 Lakhs of receivables from authorities towards various claims. The receivables comprise of receivables towards arbitration claim toll suspension and toll exemption claim. The assessment of the recoverability of receivables requires significant judgment and hence, this is considered as a key audit matter.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Inquired status of receivable with the management and understood the management rational of recoverability of such receivable.</li> <li>• Obtained and assessed supporting documents / correspondences with authorities related to such receivable.</li> </ul> <p>Assessed the disclosures made by the Group in relation to this matter.</p>
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#### **Information Other than the Financial Statements and Auditor’s Report Thereon**

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 the 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.

In preparing the consolidated financial statements, 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 management 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 also responsible for overseeing the financial reporting process of the Group.

#### **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 these consolidated financial statements.

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 statements, 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 Holding 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 management.
- Conclude on the appropriateness of 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 consolidated financial statements 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 statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

We did not audit the financial statements and other financial information, in respect of 3 subsidiaries and 24 step-down subsidiaries whose financial statements include total assets of INR 9,68,998.18 Lakhs as at March 31, 2020, total revenues of INR 2,65,686.90 Lakhs, total net (loss) / profit after tax of INR 1,03,872.90 Lakhs, total comprehensive income/ (loss) of INR 1,03,875.10 Lakhs and net cash outflow of INR 3,845.18 Lakhs for the year ended on that date. These consolidated financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and step-down subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries step-down subsidiaries is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, 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.

#### **Report on Other Legal and Regulatory Requirements**

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and step-down subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports, we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account mentioned for the purpose of preparation of the consolidated financial statement;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary and step-down subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, its and its subsidiary companies incorporated in India, refer to our separate report in "Annexure" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries step-down subsidiaries, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries step-down subsidiaries to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and step-down subsidiaries as noted in the 'Other matter' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 53 to the consolidated financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its step-down subsidiaries incorporated in India during the year ended March 31, 2020.

**For DHIRUBHAI SHAH & CO LLP**  
Chartered Accountants  
Firm's Reg. No. 102511W/W100298

**Harish B. Patel**  
Partner  
Membership No. 014427  
UDIN: 2014427AAABFG9355

Place: Ahmedabad  
Date: July 9, 2020



## ***Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Sadbhav Engineering Limited***

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Sadbhav Engineering Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Sadbhav Engineering Limited (hereinafter referred to as the "Holding Company"), its subsidiaries and its step-down subsidiaries companies, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company its subsidiaries and its step-down subsidiaries companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

A Holding company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company its subsidiaries and its step-down subsidiaries companies, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these three subsidiary and twenty four step-down subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

**For DHIRUBHAI SHAH & CO LLP**  
Chartered Accountants  
Firm's Reg. No. 102511W/W100298

**Harish B. Patel**  
Partner  
Membership No. 014427  
UDIN: 2014427AAABFG9355

Place: Ahmedabad  
Date: July 9, 2020

# Consolidated Balance Sheet as at March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31-03-2020	As at 31-03-2019
<b>I ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Property, Plant & Equipments	5	40265.72	50706.27
(b) Right to Use Assets	5	3271.49	0.00
(c) Capital Work-In-Progress	5	376.91	326.09
(d) Investment Property	7	83.80	219.20
(e) Goodwill	6	2653.00	20437.40
(f) Intangible Assets under Development	6	9552.80	9295.70
(g) Other Intangible Assets	6	399840.75	901376.62
(h) Financial Assets			
(i) Investments	8	73030.89	597.89
(ii) Trade Receivables	9	13192.49	8633.35
(iii) Loans	10	44.50	0.00
(iii) Receivable Under Service Concession Arrangement	11	271384.00	216722.50
(iv) Other Financial Assets	12	1654.34	30905.62
(i) Deferred Tax Assets/Liability (Net)	13	11318.63	9938.93
(j) Other Non Current Assets	14	11603.83	15102.35
<b>Total Non-current Assets</b>		<b>838273.15</b>	<b>1264261.92</b>
<b>(2) Current Assets</b>			
(a) Inventories	15	14724.75	17917.21
(b) Financial Assets			
(i) Investments	16	0.00	9896.60
(ii) Trade Receivables	17	147814.05	109830.91
(iii) Cash and cash Equivalents	18	9334.13	13179.01
(iv) Bank balance other than (ii) above	19	11113.98	2578.96
(v) Loans	20	9505.41	1707.00
(vi) Receivable Under Service Concession Arrangement	21	28144.70	41767.50
(vii) Other Current Financial Assets	22	49280.80	61648.24
(c) Current Tax Assets	23	12360.13	10221.19
(d) Other Current Assets	24	74582.55	74705.18
<b>Total Current Assets</b>		<b>356860.50</b>	<b>343451.80</b>
<b>(3) Assets Held for Sale</b>			
		33287.40	
<b>Total Assets</b>		<b>1228421.05</b>	<b>1607713.72</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity & Share Capital	25	1715.71	1715.71
(b) Other Equity	26	158352.78	81784.41
<b>Equity attributable to equity holders of the parent</b>		<b>160068.49</b>	<b>83500.12</b>
Non Controlling Interest		42266.45	13342.50
<b>Total Equity</b>		<b>202334.94</b>	<b>96842.62</b>
<b>(2) Liabilities</b>			
<b>(i) Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	27	563278.96	968265.80
(ii) Other Financial Liabilities	28	113867.41	171571.43
(b) Deferred Tax Liabilities (Net)	29	7679.40	7501.70
(c) Provisions	30	13745.00	21696.90
(d) Other non-Current Liabilities		2902.50	8707.50
<b>Total Non-current Liabilities</b>		<b>701473.27</b>	<b>1177743.33</b>
<b>(ii) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	31	69421.36	74058.07
(ii) Trade Payables	32	72925.30	59871.68
(iii) Other Financial Liabilities	33	87474.01	107719.94
(b) Other Current Liabilities	34	69089.37	66651.10
(c) Provisions	35	596.30	22327.39
(d) Liabilities for Current Tax (net)	36	826.20	2499.60
<b>Total Current Liabilities</b>		<b>300332.54</b>	<b>333127.78</b>
<b>(2) Liabilities held for Sale</b>			
		24280.30	
<b>Total Equity &amp; Liabilities</b>		<b>1228421.05</b>	<b>1607713.72</b>

## Summary of Significant Accounting Policies

The accompanying notes are an integral part of the consolidated financial statements.

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**  
Chartered Accountants  
Firm Regn. No. 102511W/W100298

**Harish B. Patel**  
Partner  
Membership No. 014427

Place: Ahmedabad  
Date : 09/07/2020

For and on behalf of Board

**Shashin V. Patel**  
Vice Chairman-Non Executive Director  
DIN : 00048328

**Vasistha C. Patel**  
Chief Executive Officer (CEO)

**Nitin R. Patel**  
Executive Director & CFO  
DIN : 00466330

**Tushar D. Shah**  
Company Secretary

## Consolidated Statement of Profit and Loss for the Year Ended March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	2019-20	2018-19
I Revenue from Operations	37	348705.08	524005.29
II Other Income	38	37510.45	26456.64
<b>III Total Revenue (I+II)</b>		<b>386215.53</b>	<b>550461.93</b>
IV Expenses :			
Cost of Material Consumed	39	37839.87	77140.58
Changes in Inventories of finished goods, Work-in-Progress and Stock-in-trade	40	0.00	0.00
Construction, Toll Plaza & Road Maintenance Expenses	41	159089.42	260318.62
Employee Benefits Expense	42	19671.81	22070.02
Finance Cost	43	141083.41	132862.93
Depreciation and Amortization Expense		40118.08	39207.61
Other Expenses	44	17883.24	16376.60
<b>Total Expenses</b>		<b>415685.83</b>	<b>547976.36</b>
V Profit/(Loss) Before Exceptional Items and Tax (III-IV)		(29470.30)	2485.57
VI Exceptional Item (Net of expenses)		150101.34	5422.14
<b>VII Profit/(Loss) Before Tax (V+VI)</b>		<b>120631.04</b>	<b>7907.71</b>
VIII Tax Expense			
(1) Current Tax		5985.64	12616.70
(2) Deferred Tax		4771.10	538.89
(3) Short/(Excess) Provision for taxation for earlier years		(750.30)	160.10
<b>IX Profit/(Loss) for the period from continuing Operations (VII-VIII)</b>		<b>110624.60</b>	<b>(5407.98)</b>
Profit/(Loss) for the year attributable to:			
Owners of the Company		79282.97	2112.82
Non-controlling Interest		31341.63	(7520.94)
X Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans (refer note 50)		336.69	(44.90)
Net Comprehensive Income to be reclassified to profit or loss in subsequent periods:		336.69	<b>(44.90)</b>
<b>Other Comprehensive Income for the year attributable to</b>			
Owners of the company		336.69	(44.90)
Non-controlling Interest		0.00	(0.10)
<b>Total Comprehensive Income for the period</b>		<b>110961.29</b>	<b>(5452.88)</b>
<b>Total Comprehensive Income for the year attributable to:</b>			
Owners of the company		79619.66	2068.06
Non-controlling Interest		31341.63	(7521.04)
<b>XI Earning per Equity Share (in Rupees)</b>			
(1) Basic		46.21	1.23
(2) Diluted		46.21	1.23

### Summary of Significant Accounting Policies

The accompanying notes are an integral part of the consolidated financial statements.

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**  
Chartered Accountants  
Firm Regn. No. 102511W/W100298

**Harish B. Patel**  
Partner  
Membership No. 014427

Place: Ahmedabad  
Date : 09/07/2020

For and on behalf of Board

**Shashin V. Patel**  
Vice Chairman-Non Executive Director  
DIN : 00048328

**Vasistha C. Patel**  
Chief Executive Officer (CEO)

**Nitin R. Patel**  
Executive Director & CFO  
DIN : 00466330

**Tushar D. Shah**  
Company Secretary

# Consolidated Statement of Change in Equity for the Year Ended March 31, 2020

## A Equity Share Capital

(₹ in Lakhs)

Particulars	Balance at the beginning of the reporting period	Changes in Equity Share capital during the year	Balance at the end of the reporting period
As on March 31, 2020	1715.71	0	1715.71
As on March 31, 2019	1715.71	0	1715.71

## B Other Equity

(₹ in Lakhs)

Particulars	Equity Component of Compound Financial Instruments (refer note 26)	Reserves and Surplus					Non Controlling Interest (refer note 26)	Total
		Capital Reserve (refer note 26)	Security Premium Reserve (refer note 26)	Debenture Redemption Reserve (refer note 26)	General Reserve (refer note 26)	Retained Earning (refer note 26)		
As at April 01, 2018		33,104.47	57,134.15	10,477.40	18,640.18	(31,940.48)	23,045.16	1,10,460.88
Profit/(Loss) for the year						2,112.82	(7,521.04)	(5,408.22)
Other Comprehensive Income (OCI)								
Remeasures gain on defined benefit plan						(44.90)	(0.10)	(45.00)
<b>Total Comprehensive Income for the year</b>	<b>0.00</b>	<b>33,104.47</b>	<b>57,134.15</b>	<b>10,477.40</b>	<b>18,640.18</b>	<b>(29,872.56)</b>	<b>15,524.02</b>	<b>1,05,007.66</b>
Addition during the year					4,784.50			4,784.50
Reduction in compound financial instrument							(300.00)	(300.00)
Dividends (including tax on dividend)						(4,081.67)		(4,081.67)
Transfer to/from debenture redemption reserve				1,234.80		(6,019.00)		(4,784.20)
Adjustment on acquisition of shares of Subsidiary						(3,581.27)	(1,881.51)	(5,462.78)
Share issue expenses						(36.60)		(36.60)
<b>As at March 31, 2019</b>	<b>-</b>	<b>33,104.47</b>	<b>57,134.15</b>	<b>11,712.20</b>	<b>23,424.68</b>	<b>(43,591.10)</b>	<b>13,342.51</b>	<b>95,126.91</b>
As at April 01, 2019	-	33,104.47	57,134.15	11,712.20	23,424.68	(43,591.10)	13,342.51	95,126.91
Profit/(Loss) for the year						79,282.97	31,770.73	1,11,053.70
Other Comprehensive Income (OCI)								
Remeasures gain on defined benefit plan						336.69		336.69
<b>Total Comprehensive Income for the year</b>	<b>0.00</b>	<b>33,104.47</b>	<b>57,134.15</b>	<b>11,712.20</b>	<b>23,424.68</b>	<b>36,028.56</b>	<b>45,113.24</b>	<b>2,06,517.30</b>
Addition during the year								-
Share issue expenses						(22.10)		(22.10)
Dividends (including tax on dividend)						(3,090.37)		(3,090.37)
Transfer to/from debenture redemption reserve				(7,543.30)	7,543.30			-
Adjustment on acquisition of shares of Subsidiary						61.19	(2,846.78)	(2,785.59)
Share issue expenses								
<b>As at March 31, 2020</b>	<b>-</b>	<b>33,104.47</b>	<b>57,134.15</b>	<b>4,168.90</b>	<b>30,967.98</b>	<b>32,977.28</b>	<b>42,266.46</b>	<b>2,00,619.24</b>

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**  
Chartered Accountants  
Firm Regn. No. 102511W/W100298

**Harish B. Patel**  
Partner  
Membership No. 014427

Place: Ahmedabad  
Date : 09/07/2020

For and on behalf of Board

**Shashin V. Patel**  
Vice Chairman-Non Executive Director  
DIN : 00048328

**Vasistha C. Patel**  
Chief Executive Officer (CEO)

**Nitin R. Patel**  
Executive Director & CFO  
DIN : 00466330

**Tushar D. Shah**  
Company Secretary

## Consolidated Cash Flow Statement for the Year Ended March 31, 2020

Annexure - 1 (₹ in Lakhs)

Particulars	31.03.2020		31.03.2019	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit after Tax as per Profit and loss account		<b>110624.60</b>		<b>(5408.12)</b>
Adjustments For :				
Interest Income	(13795.30)		(18764.06)	
Interest Expenses	141083.41		119032.25	
Depreciation & Amortisation	40118.08		39207.61	
Profit on sale of Property, Plant & Equipments	(219.75)		(9.35)	
Loss on sale of Property, Plant & Equipments	300.69		2.39	
Periodic Major Maintenance expenses	7535.80		9718.80	
Exceptional item (note 4)	(150101.34)			
Income Tax Provision	5235.34		12777.00	
Other comprehensive income	336.69		(45.00)	
Liabilities no longer required written back	(10455.80)			
Deferred Tax Liabilities/(Assets)	4771.10	24808.92	538.69	162458.33
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>135433.52</b>		<b>157050.21</b>
Adjustment For :				
(Increase)/Decrease of Long Term Trade Receivables	(65790.30)		(203764.27)	
(Increase)/Decrease of Trade Receivables	(27634.32)		88546.77	
(Increase)/Decrease of Other Current Assets	10197.30		(25983.80)	
(Increase)/Decrease of Other Current Financial Assets	(16625.91)		2831.67	
(Increase)/Decrease of Other Non Current Assets	(6666.94)		(648.18)	
(Increase)/Decrease of Other Non Current Financial Assets	816.19		7215.18	
(Increase)/Decrease of Inventories	3192.46		(1491.89)	
(Increase)/Decrease of Loans given	(6698.36)		0.00	
(Increase)/Decrease of Other Bank Balances	(8535.02)		(1774.65)	
Increase/(Decrease) of Other Long Term Financial Liabilities	5919.78		15292.63	
Increase/(Decrease) of Other Long Term Liabilities	(18793.80)			
Increase/(Decrease) of Trade Payables	19420.70		(10696.58)	
Increase/(Decrease) of Other Current Liabilities	(23677.39)		9925.43	
Increase/(Decrease) of Other Current Financial Liabilities	49220.35		(191.78)	
Increase/(Decrease) of Provision	6601.17		458.35	
Increase/(Decrease) in Deferred Tax (net)	7880.10		216.90	
		(71173.98)		(120064.21)
<b>Cash generated from Operations</b>		<b>64259.54</b>		<b>36986.00</b>
Tax Paid	(4511.84)	(4511.84)	(12504.32)	(12504.32)
<b>Net Cash From Operating Activities</b>		<b>59747.70</b>		<b>24481.68</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Purchase of Property, Plant & Equipments and Intangible Assets	(1484.04)		(13219.13)	
Sales of Property, Plant & Equipments	1395.75		(36.05)	
Other Current Investments	565.35		(5650.70)	
Other Non Current Investments	0.00		0.26	
Recd. from subsidiary against sale of shares	37704.64		0.00	
Proceed Repayment towards compound financial instrument	79112.90		(300.00)	
Interest Received	13795.30	131089.90	18764.06	(369.46)
<b>Net Cash From Investing Activities</b>		<b>131089.90</b>		<b>(369.46)</b>

## Consolidated Cash Flow Statement for the Year Ended March 31, 2020

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds From Long Term Borrowings (Net)	(42418.64)	140476.38
Proceeds/(Repayment) of Short Term Borrowings (Net)	(8305.55)	22697.39
Payment for acquisition of shares of subsidiary	0.00	(5462.61)
Interest Paid	(141083.41)	(119032.25)
Dividend Paid (including dividend distribution tax)	(2875.17)	(4081.67)
Non controlling Interest		(36.60)
Loss/(Profit) of subsidiaries of previous year (Net)	0.00	(22598.14)
<b>Net Cash From Financing Activities</b>	<b>(194682.77)</b>	<b>(22598.14)</b>
NET INCREASE IN CASH & CASH EQUIVALENTS ( A+B+C )	(3845.18)	1514.08
OPENING BALANCE OF CASH & CASH EQUIVALENTS	13179.01	11664.93
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>9333.83</b>	<b>13179.01</b>
<b>COMPONENTS OF CASH &amp; CASH EQUIVALENTS (refer note 17)</b>		
CASH ON HAND	112.18	724.99
BALANCE IN CURRENT ACCOUNT WITH BANKS	5057.22	7141.32
BALANCE IN FIXED DEPOSITS	4164.43	5312.70

### Notes:

- All figures in bracket are outflow.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities
- The cash flow statement has been prepared under indirect method as per Indian Accounting Standard -7 "Cash Flow Statement". The accompanying notes are an integral part of the financial statements.

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**  
Chartered Accountants  
Firm Regn. No. 102511W/W100298

**Harish B. Patel**  
Partner  
Membership No. 014427

Place: Ahmedabad  
Date : 09/07/2020

For and on behalf of Board

**Shashin V. Patel**  
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DIN : 00048328

**Vasistha C. Patel**  
Chief Executive Officer (CEO)

**Nitin R. Patel**  
Executive Director & CFO  
DIN : 00466330

**Tushar D. Shah**  
Company Secretary

# Notes on Accounts forming part of Consolidated Financial Statements

## 1. Corporate information:

The Company, Sadbhav Engineering Limited is engaged in the business of development of infrastructure facilities in areas of canals, irrigations projects, roads, bridges, mining activities on contract basis, dams which includes civil, electrical and mechanical contractor, designer and engineers, structural contractor, earthwork contractor for repairing, reconstruction, renovation, demolitions and construction of canals, irrigations projects, roads, bridge, dams. Company also establish, maintain, operate, lease or transfer the above infrastructure facilities on BOT, BOLT and BOOT basis. Company is also engaged in business of energy generation through Wind Power Project.

Sadbhav Infrastructure Project Limited (SIPL), subsidiary company, is engaged in development, construction as well as operation & maintenance of infrastructure projects and related consulting and advisory services. SIPL undertakes infrastructure development projects directly or indirectly through Special Purpose Vehicles (SPVs) as per the concession agreements.

Sadbhav Gadag Highway Pvt Ltd, subsidiary companies and all other step down subsidiaries are the Special Purpose Vehicles (SPVs) incorporated to undertake the specific project.

The Consolidated Ind AS Financial Statements comprise of financial statements of Sadbhav Engineering Limited ('the Company' or 'SEL'), its subsidiaries and step-down subsidiaries (collectively, 'the Group') for the year ended March 31, 2020. The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is situated at "Sadbhav House", Opp. Law Garden Police Chowki, Ellis bridge, Ahmedabad-380006.

The Group undertakes road and related infrastructure development projects directly or indirectly through Special Purpose Vehicles (SPVs) as per the concession agreements.

The consolidated financial statements were approved for issue in accordance with a resolution of the Board of directors on July 09, 2020.

## 2. Basis of preparation:

2.1 The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and presentation requirements of Division II of Schedule the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to consolidated financial statements.

The Consolidated financial statements have been prepared on accrual and historical cost basis, except for:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments): and
- Derivative financial instruments measured at fair value
- Defined benefit plans – Plan Assets measured at fair value

The Consolidated financial statements are presented in Indian Rupee ('INR') which is also the Group's functional currency and all values are rounded to the nearest Lakhs (INR 00,000), except when otherwise indicated.

### 2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries listed below as at 31 March 2020. Control is achieved when the Company is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has;

- Power over the investee (i.e. existing rights that give it the current liability to direct the relevant activities of investee)
- Exposure, or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The Contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.



## ***Notes on Accounts forming part of Consolidated Financial Statements***

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The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. As the financial assets and intangible assets recognized under service concession arrangement are acquired in exchange for infrastructure construction / upgrading services, gains / losses on intra group transactions are treated as realized and not eliminated on consolidation.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial statements of each of the subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e. year ended on 31 March.

### **Consolidation Procedure:**

- i. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- ii. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Goodwill policy explains how to account for any related goodwill.
- iii. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group. Profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full, except as stated in point (iv). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- iv. The Build, Operate & Transfer (BOT)/ Hybrid Annuity Model (HAM) / Design, Build, Finance, Operate & Transfer (DBFOT) contracts are governed by service concession agreements with government authorities (Grantor). Under these agreements, the operator (Group Companies) which are Special Purpose Vehicles, does not own the Infrastructure assets, but gets toll collection/service fee rights against the construction services rendered. Since the construction revenue earned by the Group companies is considered as exchanged with the grantor against toll collection/service fee rights, profit from such contracts is considered as realized. Accordingly, the intra group transactions on BOT/DBFOT contracts and the profits arising thereon are taken as realized and not eliminated.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flow relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

## Notes on Accounts forming part of Consolidated Financial Statements

- v. The following entities are considered in the Consolidated Ind AS Financial Statements as well as the Company's voting power in entities listed below:

Information pertaining to Subsidiaries			
Sr. No.	Name of subsidiaries	Proportion of Ownership Interest (%)	
		As at March 31, 2020	As at March 31, 2019
1	Sadbhav Infrastructure Projects Limited (SIPL)	69.50%	69.05%
2	Mysore Bellary Highway Private Limited (MBHPL) (up to March 18,2020) (Refer Note (ii) below)	0	74.00%
3	Sadbhav Gadag Highway Pvt Ltd	100%	0

Sr. No	Name of step-down subsidiaries (subsidiaries of SIPL)	Proportion of Ownership Interest (%)	
		As at March 31, 2020	As at March 31, 2019
1.	Ahmedabad Ring Road Infrastructure Limited (ARRIL)	100%	100%
2.	Aurangabad Jalna Tollway Limited (AJTWL) (upto March 06, 2020) (note (ii) below)	0	100%
3.	Bijapur Hungund Tollway Private Limited (BHTPL) (upto February 14, 2020) (note (ii) below)	0	77%
4.	Hyderabad Yadgiri Tollway Private Limited (HYTPL) (upto February 14, 2020) (note (ii) below)	0	100%
5.	Maharashtra Border Check Post Network Limited(MBCPNL)	100%	100%
6.	Rohtak Panipat Tollway Private Limited (RPTPL)	100%	100%
7.	Shreenathji-Udaipur Tollway Private Limited (SUTPL) (upto February 14, 2020) (note (ii) below)	0	100%
8.	Bhilwara Rajsamand Tollway Private Limited (BRTPL) (upto February 14, 2020) (note (ii) below)	0	100%
9.	Rohtak Hissar Tollway Private Limited (RHTPL)	100%	100%
10.	Nagpur Seoni Expressway Limited (NSEL) (upto February 14, 2020) (note (ii) below)	0	100%
11.	Dhule Palesner Tollway Limited (DPTL) (upto February 14, 2020) (note (ii) below))	0	100%
12.	Sadbhav Bhavnagar Highway Private Limited (SBHPL)	100%	100%
13.	Sadbhav Rudrapur Highway Private Limited (SRHPL)	100%	100%
14.	Sadbhav Una Highway Private Limited (SUHPL)	100%	100%
15.	Sadbhav Nainital Highway Private Limited (SNHPL)	100%	100%
16.	Sadbhav Bangalore Highway Private Limited (SBGHPL)	100%	100%
17.	Sadbhav Udaipur Highway Private Limited (SUDHPL)	100%	100%
18.	Sadbhav Vidarbha Highway Private Limited (SVHPL)	100%	100%
19.	Sadbhav Jodhpur Ring Road Private Limited (SJRRPL)	100%	100%
20.	Sadbhav Tumkur Highway Private Limited (STHPL) (note (iii) below)	100%	100%
21.	Sadbhav Vizag Port Road Private Limited (SVPRRPL) (note (iii) below)	100%	100%
22.	Sadbhav Kim Expressway Private Limited (SKEPL)	100%	100%
23.	Sadbhav Bhimasar Bhuj Highway Private Limited (SBBHPL) (note (iii) below)	100%	100%
24.	Sadbhav Hybrid Annuity Project Limited (SHAPL)	100%	100%

### Notes:

- All the above entities have principal nature of activity is Infrastructure and are incorporated in India
- Pursuant to the definitive share purchase agreement dated July 1, 2019 with Indinfravit Trust, the entire equity shareholding in seven of its subsidiary companies have been transferred to Indinfravit Trust with effect from closing date.
- The concession agreements with National Highway Authority of India (NHAI) are terminated in case of these subsidiaries during the year, due to non-availability of required 80% right of way (ROW) by NHAI within the stipulated time period as a consequence of which, these subsidiaries were inoperative.

## Notes on Accounts forming part of Consolidated Financial Statements

Name of the Joint Ventures	Ownership interest held by the company	
	As at March 31, 2020	As at March 31, 2019
<b>SEL-GKC JV</b>		
Radhanpur - Manpura Project	52.00%	52.00%
Vishakhapatnam Project	50.00%	50.00%
Omkareshwar Project	60.00%	60.00%
Karimnagar Project	52.00%	52.00%
Omkareshwar Project	40.00%	40.00%
Managuru Project	51.00%	51.00%
BSHP-II Project	50.00%	50.00%
Govindpur Project	50.00%	50.00%
Basantimata Project	80.00%	80.00%
Maheshpur Project	75.00%	75.00%
Jalipa / Kapurdi Project	98.00%	98.00%
<b>SEL-Vaishnovi JV - Halon Project</b>	<b>72.00%</b>	<b>72.00%</b>
<b>Corsan Corviam Const S.A.-SEL JV</b>		
DMRC-CC43 Project	40.00%	40.00%
DMRC-CC47 Project	40.00%	40.00%
<b>PBA SADBHAV JV</b>	<b>50.00%</b>	<b>50.00%</b>
<b>SEL-PIPL JV</b>	<b>51.00%</b>	<b>51.00%</b>

### 3. Summary of significant accounting policies

The following are the significant accounting policies applied by the group in preparing its consolidated financial statements:

#### 3.1 Business combinations and goodwill:

The excess of cost to the group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the Consolidated Financial Statements. This Goodwill is tested for impairment at the close of each financial year. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the group it is recognized as 'Capital Reserve' in the consolidated financial statements.

#### 3.2 Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### Operating cycle

Operating cycle for the business activities of the company covers the duration of the specific projects/contract/product line/service including the defect liability period wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

# Notes on Accounts forming part of Consolidated Financial Statements

## 3.3 Foreign currency transactions:

### a. Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

### b. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

### c. Exchange difference

The company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

#### i. Exchange differences arising from translation of long term foreign currency monetary items

- Long-term foreign currency monetary items recognized in the financial statements as on March 31, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- Long-term foreign currency monetary items recognized in the financial statements after March 31, 2016 related to acquisition of a fixed asset are charged to the Profit and Loss statement.
- Other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

#### ii. Exchange differences on other monetary items

All other exchange differences are recognized as income or as expenses in the year in which they arise.

## 3.4 Service concession arrangement

### Toll Collection/ User fee right (BOT Model):

The Group builds infrastructure assets viz roads / infrastructure facilities under public-to-private Concession Arrangements which it operates and maintains for periods specified in the Concession Arrangements.

Under the Concession Agreements, where the Group has received the right to charge users of the public service, such rights are recognized and classified as "Intangible Assets" in accordance with Appendix D to Ind AS 115. Such right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recognized and classified as intangible assets. Such an intangible asset is recognized by the Group at cost (which is the fair value of the consideration received or receivable for the construction services delivered) and is capitalized when the project is complete in all respects and when the subsidiary or step down subsidiary companies receives the completion certificate from the authority as specified in the Concession Agreement. In case of MBCPNL (entity operating multiple border check posts in the state of Maharashtra), each check post is capitalized when the MBCPNL receives completion certificate from the authority. The economics of the project is for the entire length of the road / infrastructure as per the bidding submitted by the Group.

### Financial Assets Model

The group recognizes the considerations given by the grantor i.e. National Highway Authority of India ('NHA') in accordance with Appendix D to Ind AS 115. The group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor of the contract for the construction services; the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law.

### Premium capitalization

Under some of the concession agreements, the Group has contractual obligation to pay premium (concession fees) to National Highway Authority of India ("NHA"), Grantor, over the concession period. Such obligation has been recognized upfront on a discounted basis when the project gets completed as per the Concession Agreements as 'Intangible assets – Toll Collection Right' and corresponding obligation for committed premium is recognized as liabilities.

### Amortization

The intangible assets which are recognized in the form of Toll collection / user fee right to charge users of the infrastructure asset are amortized by taking proportionate of actual revenue received for the year over Total Projected Revenue from project to Cost of Intangible assets i.e. proportionate of actual revenue earned for the year over Total Projected Revenue from the Intangible assets expected to be earned over the balance concession period as estimated by the management.

# Notes on Accounts forming part of Consolidated Financial Statements

As required, total Projected traffic or revenue are reviewed by the management at the end of each financial year and accordingly, the total projected traffic or revenue is adjusted to reflect any changes in the estimates which lead to the actual number of traffic or revenue at the end of the concession period.

## 3.5 Revenue from contract with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

### i. Toll / check post operation services

Revenue from Toll operation services is recognized over a period as each toll road-user simultaneously receives and consumes the benefits provided by the Group. However, given the short time period over which the group provides road operating services to each road user (i.e. the duration of the time it takes the road user to travel the length of the toll road), the group recognizes toll revenue when it collects the tolls as per rates notified by NHAI / state authorities.

### ii. Construction services in subsidiary and step down subsidiaries

Revenue from construction services is recognized over a period as the customer simultaneously receives and consumes the benefits provided by the Group and measure revenue based on input method i.e. revenue recognized on the basis of cost incurred to satisfaction of a performance obligation relative to the total expected cost to the satisfaction of that performance obligation. If the outcome of a performance obligation satisfied over time cannot be reasonably measured, revenue is calculated using the zero-profit method in the amount of the contract costs incurred and probably recoverable.

The total costs of contracts are estimated based on technical and other estimates. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss. Contract revenue earned in excess of billing is reflected under as “contract asset” and billing in excess of contract revenue is reflected under “contract liabilities”.

### Contract balances

#### Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

#### Trade receivables

A receivable is recognized if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3.14 Financial instruments – initial recognition and subsequent measurement.

#### Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### iii. Revenue from contracts with customer

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 ‘Revenue’ and Ind AS 11 ‘Construction contracts’. The Company has adopted Ind AS 115 using modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018).

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress by survey of work performed towards complete satisfaction of performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

# Notes on Accounts forming part of Consolidated Financial Statements

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

#### Significant judgments are used in:

1. Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress by survey of work performed towards complete satisfaction of performance obligation.
2. Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

#### Revenue from operations

Revenue for the periods upto June 30, 2017 includes excise duty collected from customers. Revenue from July 1, 2017 onwards is exclusive of goods and service tax (GST) which subsumed excise duty. Revenue also includes adjustments made towards liquidated damages and variation wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account.

#### Revenue from construction/project related activity is recognised as follows:

1. Cost plus contracts: Revenue from cost plus contracts is recognized over time and is determined with reference to the extent performance obligations have been satisfied. The amount of transaction price allocated to the performance obligations satisfied represents the recoverable costs incurred during the period plus the margin as agreed with the customer.
2. Fixed price contracts: Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the cost of work performed on the contract plus proportionate margin, using the percentage of completion method.

Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognized in profit or loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Company expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations). In addition, the Company recognises impairment loss (termed as provision for expected credit loss on contract assets in the financial statements) on account of credit risk in respect of a contract asset using expected credit loss model on similar basis as applicable to trade receivables.

#### Rendering of Services:

Revenue from contracts to provide services (other than those covered under construction contracts referred above) are recognized by reference to the stage of completion of the contract.

### 3.6 Other Income

#### Interest

For financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

#### Profit or loss on sale of Mutual Fund

Profit or Loss on sale of mutual fund is recorded on transfer of title from the Group and is determined as the difference between the sale price and carrying value of mutual fund and other incidental expenses.

#### Dividend

Dividend is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

### 3.7 Property, Plant and Equipment's:

Property, Plant and Equipment's are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost comprises the purchase price, borrowing costs if the recognition criteria are met and directly attributable cost of bringing the assets to its working condition for its intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

## Notes on Accounts forming part of Consolidated Financial Statements

All other expenses on existing property plant and equipment, including day-to-day repair and maintenance expenditure are charged to the consolidated statement of profit and loss for the period during which such expenses are incurred.

### De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is de-recognized.

### Depreciation

Depreciation on Property, Plant and Equipment's

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Property, Plant and Equipment not ready for the intended use on the date of the Balance Sheet are disclosed as "Capital Work in Progress".

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation is provided for all Property, Plant and Equipment except for vehicles on straight-line method and depreciation on vehicles is provided on written down value method as per the useful life prescribed in schedule II of the Companies Act, 2013.

Depreciation is provided for all Property, Plant and Equipment as per the useful life prescribed in the Schedule II of the Companies Act, 2013 except in respect of plant and machineries used other than in mining activity, where less useful life is considered than those prescribed in schedule II.

The estimated useful life of Property, Plant and Equipment as prescribed in the Schedule II of the Companies Act, 2013 & useful life adopted by the company are as follows

Asset Class	Useful life as per Schedule II	Useful life adopted by the company
Building	30 Years	30 Years
Building component	10 Years	10 Years
Office Building	60 Years	60 Years
Wind Mills	22 Years	22 Years
Plant and Equipment	9 to12 Years	8 Years
Plant and Equipment for Mining	8 Years	8 Years
Furniture and Fixture	10 Years	10 Years
Vehicle	8-10 Years	8-10 Years
Temporary Structure	3 Years	1 Years

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees fifty thousand each are fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## Notes on Accounts forming part of Consolidated Financial Statements

In case of subsidiaries and step down subsidiaries depreciation on Property, Plant and Equipments is provided on the written down value method basis over useful lives of the assets as prescribed under Part C of Schedule II to the Companies Act, 2013. When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

The residual value, useful live and method of depreciation of Property, Plant and Equipment's are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 3.8 Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included/recognized in the consolidated Statement of Profit and Loss when the asset is derecognised.

#### Amortization

Software is amortized over management estimate of its useful life of 3-6 years

The residual value, useful live and method of depreciation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### Intangible assets under development

Expenditure related to and incurred during implementation of infrastructure project are included under "Intangible Assets under Development". The same is transferred to the respective intangible assets on completion of project.

### 3.9 Impairment – Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists the group estimates the asset's recoverable amount or cash-generating unit's (CGU).. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset which is based on the discounting of estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. When the carrying amount of an asset or CUG exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognized in the statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.



## Notes on Accounts forming part of Consolidated Financial Statements

The Group bases its impairment calculation on detailed budgets and forecasts calculation (DCF method). These budgets and forecast calculations are generally covering a period of the concession agreements using long terms growth rates applied to future cash flows.

Intangible assets with indefinite useful lives are tested for impairment annually as and when circumstances indicate that the carrying value may be impaired and charges to consolidated statement of profit and loss accounts.

### 3.10 Investment Property

Investment Property is measured initially at cost including related transaction costs. Such cost comprises the purchase price and borrowing cost if capitalization criteria are met. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. All day-to-day repair and maintenance expenditure are charged to the consolidated statement of profit and loss for the period during which such expenses are incurred.

An investment property is derecognised either when it has been disposed of or when it has been permanently withdrawn from use and no future economic benefit is expected from their disposal. the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in consolidated Statement of Profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use.

### 3.11 Inventory

Project Inventories are valued at lower of cost and net realizable value. Cost comprise all cost of purchase, and other costs incurred in bringing the inventories to their present location and condition. Cost of materials is determined on first-in-first-out basis. Net realizable value is the estimated selling price less estimated cost necessary to make the sale.

### 3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the year they occur. Borrowing cost consist of interest and other costs that Group incurs in connection with the borrowing of funds as defined in Indian Accounting Standard 23 – Borrowing Cost.

### 3.13 Leases

The Group has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group's lease asset classes primarily consist of leases for Plant & Machinery. The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognizes the lease payments as an operating expense on a straightline basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet.

# Notes on Accounts forming part of Consolidated Financial Statements

## Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office building that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## 3.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### a) Financial assets

#### i. Initial recognition and measurement of financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss are added to the fair value on initial recognition.

#### ii. Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in below categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss (FVTPL)

##### • Financial assets at amortised cost :

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

##### • Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the above conditions mentioned in "Financial assets at amortized cost" are met. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortized is included in finance income in the profit or loss. The losses arising from impairment are amortized in the profit or loss.

##### • Financial assets at fair value through profit or loss:

financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognized in the statement of profit and loss.

In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL.

#### iii. De-recognition of financial assets

A financial asset is de-recognized when the contractual rights to the cash flows from the financial asset expire or the Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

# Notes on Accounts forming part of Consolidated Financial Statements

## iv. Impairment of financial assets

The Group recognizes an allowance for Expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables and
- Other receivables

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

## b) Financial Liabilities

### i. Initial recognition and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts

All financial liabilities are recognized initially at fair value, in case of loan and borrowings and payables, fair value is reduced by directly attributable transaction costs.

### ii. Subsequent measurement of financial liabilities

For purposes of subsequent measurement financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

#### • Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses on changes in fair value of such liability are recognized in the Consolidated statement of profit and Loss. The group has not designated any financial liability as at fair value through profit and loss.

#### • Financial liabilities at amortised cost (Loans and Borrowings)

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized through the EIR amortization process.

amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit and loss. This category generally applies to borrowings.

#### • Compound financial instruments

Compound financial instruments are separated into liability and equity components based on the terms of the contract. At inception, the fair value of the liability component is determined using a market rate. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on redemption.

#### • Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 recognized amortization.

# Notes on Accounts forming part of Consolidated Financial Statements

## iii. Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognized from its balance sheet when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

## c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Group currently has enforceable legal right to offset the re-recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## d) Derivative financial instruments

e) The company holds certain derivative contracts such as cross currency interest rate swaps and forward contracts to hedge risks. These contracts do not qualify for hedge accounting under Ind AS 109, Financial Instruments. Hence these contracts are not designated as hedges and are accounted for at fair value through profit or loss.

## 3.15 Fair Value Measurement

The Group measures financial instruments such as derivatives and Investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market price in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments

## Notes on Accounts forming part of Consolidated Financial Statements

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

### 3.16 Employee Benefits

#### a) Short Term Employee Benefits

All employee benefits expected to be settled wholly within 12 months after the end of the reporting period are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensation etc. and the same are recognized as an expense in the consolidated statement of profit and loss in the period in which the employee renders the related services.

#### b) Post-Employment Benefits

##### (i) Defined contribution plan

The Group's approved provident fund scheme is defined contribution plans. The Group has no obligation, other than the contribution paid/payable to the provident fund and employee state insurance fund. The Group recognize contribution paid/payable under the provident fund is charged to consolidated statement of profit & loss account during the period in which the employee renders the related service.

##### (ii) Defined benefit plan

Company also provides for Retirement Benefits in the form of Gratuity. Such Benefits are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries. Company has taken Group Gratuity Policy of L.I.C. of India. Actuarial valuation is carried out using the projected unit credit method made at the end of each reporting date. Re-measurement of the net defined benefit liability (asset) comprise of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability / (asset)). Re-measurement is recognized in other comprehensive income and will not be reclassified to profit or loss in a subsequent period.

Short term employee benefits including leave are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services are rendered.

The employee's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is measured based on the actuarial valuation using the Projected Unit Credit Method as at the end of each financial year.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

#### c) Other employment benefits:

The employee's compensated absences, which is expected to be utilized or encashed within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as result of the unused entitlement that has accumulated at the reporting date. As per Group's policy, no leave is expected to be carried forward beyond 12 months from the reporting date.

# Notes on Accounts forming part of Consolidated Financial Statements

## 3.17 Government grants

Government grants are recognized where there is reasonable assurance that grant will be received and all attached conditions will be complied with. When the grant relates to an expense item. It is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related assets.

## 3.18 Income tax

Income tax expense comprises current tax and deferred tax.

### Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current income tax is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred Tax

Deferred tax is provided using the balance sheet approach. Deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences excepts when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, unused tax losses and the carry forward of unused tax credit can be utilized excepts when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

As per provision of Income tax Act 1961, the Company's step down subsidiaries are eligible for a tax holiday under section 80IA for a block of 10 consecutive assessment year out of 20 year beginning of toll operation. Accordingly, no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing difference which is reverse after the tax holiday period is recognized in the year in which the timing difference originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. For recognition of deferred tax, the timing difference which originate first are considered to reverse first.

The carrying amount of deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rules and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The Group offsets Deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

# Notes on Accounts forming part of Consolidated Financial Statements

Minimum alternate tax (MAT) paid in a year is charged to the consolidated statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the consolidated statement of profit and loss and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

## 3.19 Provisions

### General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss, net of reimbursements, if any.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

### Contractual obligation to restore the infrastructure to a specified level of serviceability

The Group has contractual obligations to maintain the road / infrastructure to a specified level of serviceability or restore the road / infrastructure to a specified condition before it is handed over to the grantor of the Concession Agreements. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of intangible assets, the timing and amount of such cost are estimated and determined by estimated cash flows, expected to be incurred in the year of overlay. Such costs are recognized by charging it to revenue on the basis of units of usage method i.e. on the number of vehicles expected to use the project facility, over the period at the end of which the overlay is estimated to be carried out based on management estimates.

## 3.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liabilities are reviewed at each balance sheet date.

## 3.21 Premium deferral

Premium deferral (i.e. premium payable less paid after adjusting premium deferral) is aggregated under premium deferred obligation in the balance sheet. The interest payable on the above is aggregated under premium deferral obligation. Interest on premium deferral is charged to the statement of profit and loss.

## 3.22 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered as integral part of the Group's cash management.

## 3.23 Cash dividend distribution to equity holders

The Group recognizes a liability to pay dividend to equity holders of the parent when the distribution is authorized, and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

## 3.24 Earnings per share

Basic earnings per share is calculated by dividing the profit / loss for the year attributable to equity holders of the parent company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit / loss attributable to equity holders of the parent company by the weighted average number of equity shares outstanding during the year are adjusted for the effects plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

# Notes on Accounts forming part of Consolidated Financial Statements

## 3.25 Segment reporting

Based on management approach as defined in Indian Accounting Standard 108 – Operating Segment, Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker for evaluation of Group's performance.

## 3.26 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset excluding finance costs and income tax expense.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

## 3.27 Changes accounting policies and disclosure

### New and amended standards

The Group applied Ind AS 116 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in March 2020, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

### Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted Ind AS 116 using the modified retrospective method of adoption. There were no significant adjustments required to the retained earnings as at April 01, 2019. The adoption of the standard did not have any material impact on these consolidated financial statements.

### Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Appendix did not have an impact on the financial statements of the Group.

### Annual improvements to Ind AS 2018

#### Ind AS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019. Since the Group's current practice is in line with these amendments, they had no impact on the financial statements.



# Notes on Accounts forming part of Consolidated Financial Statements

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## 4. Significant accounting judgements, estimates and assumption

The preparation of the Group's financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Revenue and expenses of construction contracts

As described in Note 3.5, Revenue recognition using the percentage-of-completion method which involves the use of estimates of certain key elements of the construction contracts, such as total estimated contract costs, allowances or provisions related to the contract, period of execution of the contract and recoverability of the claims. As far as practicable, the Group applies past experience in estimating the main elements of construction contracts and relies on objective data such as physical inspections or third parties confirmations. Nevertheless, given the highly tailored characteristics of the construction contracts, most of the estimates are unique to the specific facts and circumstances of each contract.

Although estimates on construction contracts are periodically reviewed on an individual basis, we exercise significant judgments and not all possible risks can be specifically quantified.

### Taxes

Deferred tax assets are recognized for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget generally covering a period of the concession agreements using long terms growth rates and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### Property, plant and equipment

Refer Note 3.7 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5.

### Service concession arrangement – Toll collection / user fee right

The Cash flow model indicates the cash flow to be generated over the project lifecycle. The key inputs of the model comprise of revenue inflows (Toll/user fee), expenses to incurred to earn the revenue, estimations on cost to build and maintain the asset, interest obligations based on financing pattern and other operational efficiencies. These inputs are based on circumstances existing and management judgement / assumption on the future expectations based on current situations. Judgements include management view on expected earnings in future years, changes in interest rates, cost inflation, government policy changes, etc. These input assumptions could affect the reported cash flow from the related assets and accordingly these assumptions are reviewed periodically.

### Amortization - Toll collection / user fee right

The intangible assets which are recognized in the form of Toll Right to charge users of the infrastructure asset are amortized by taking proportionate of actual revenue received for the year over Total Projected Revenue from project to Cost of Intangible assets. The estimation of total projection revenue requires significant assumption about expected growth rate and traffic projection for future. All assumptions are reviewed at each reporting date.

## Notes on Accounts forming part of Consolidated Financial Statements

### Provision for periodical Major Maintenance

Provision for periodical Major Maintenance obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. The timing and amount of such cost are estimated and determined by estimated cash flows, expected to be incurred in the year of overlay. All assumptions are reviewed at each reporting date.

### Revenue from contract with customer

The Subsidiary and step down subsidiaries uses the input method for recognize construction revenue. Use of the input method require the group to estimate the efforts or costs expended to the date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress toward completion of performance obligation as there is a direct relationship between input and productivity. Provision for estimated losses, if any, on uncompleted performance obligation are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date. Due to technical complexities involved in the budgeting process, contract estimates are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Company use the Significant judgments are used in:

Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress by survey of work performed towards complete satisfaction of performance obligation.

Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### Note No. 5 - Property, Plant and Equipments

(₹ in Lakhs)

Particulars	Land	Building	Furniture	Office Equipment	Plant and Machineries	Vehicles	Wind Mills	Total Tangible Assets	Capital Work In Progress
<b>Cost</b>									
<b>As at 01/04/2018</b>	<b>1485.53</b>	<b>8525.97</b>	<b>1735.50</b>	<b>716.97</b>	<b>56194.16</b>	<b>956.34</b>	<b>5211.51</b>	<b>74825.98</b>	<b>234.99</b>
Addition	100.00	0.00	19.50	283.16	9279.53	128.97	0.00	9811.15	91.10
Disposal	0.00	0.00	0.00	0.00	2807.54	64.12	0.00	2871.65	0.00
Adjustment of Foreign Exchange	0.00	0.00	0.00	0.00	5.58	0.00	202.94	208.53	0.00
<b>As at 31/03/2019</b>	<b>1585.53</b>	<b>8525.97</b>	<b>1755.00</b>	<b>1000.13</b>	<b>62671.73</b>	<b>1021.19</b>	<b>5414.45</b>	<b>81974.00</b>	<b>326.09</b>
Addition	0.00	0.00	10.60	107.08	767.08	97.50	0.00	982.26	50.82
Disposal	0.00	3806.59	32.14	243.04	4302.12	8.64	0.00	8392.53	0.00
Transfer related to carve out asset	476.30	0.00	0.00	0.00	0.00	0.00	0.00	476.30	0.00
Transfer to Asset held for sale (refer note 62)	0.00	0.00	11.50	45.50	745.70	105.00	0.00	907.70	0.00
Sale of subsidiaries (refer note 61)	0.00	73.70	12.30	177.80	216.10	261.50	0.00	741.40	0.00
Adjustment of Foreign Exchange	0.00	0.00	0.00	0.00	(8.41)	0.00	187.62	179.21	0.00
<b>As at 31/03/2020</b>	<b>1109.23</b>	<b>4645.68</b>	<b>1709.65</b>	<b>640.87</b>	<b>58166.49</b>	<b>743.56</b>	<b>5602.07</b>	<b>72617.55</b>	<b>376.91</b>

## Notes on Accounts forming part of Consolidated Financial Statements

<b>Accumulated Depreciation</b>									
<b>As at 01/04/2018</b>	<b>0.00</b>	<b>3315.73</b>	<b>535.43</b>	<b>366.61</b>	<b>18139.79</b>	<b>433.51</b>	<b>800.13</b>	<b>23591.20</b>	<b>0.00</b>
Addition on acquisition of subsidiary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Addition	0.00	671.13	187.54	174.22	8164.30	194.30	273.69	9665.18	0.00
Disposal	0.00	0.00	0.00	-0.70	1920.77	68.65	0.00	1988.72	0.00
<b>As at 31/03/2019</b>	<b>0.00</b>	<b>3986.86</b>	<b>722.97</b>	<b>541.53</b>	<b>24383.32</b>	<b>559.16</b>	<b>1073.82</b>	<b>31267.66</b>	<b>0.00</b>
Charge for the Year	0.00	228.44	183.24	201.92	7929.89	164.87	277.27	8985.62	0.00
Disposal	0.00	3668.39	24.01	218.49	2814.81	4.95	0.00	6730.65	0.00
Transfer to Asset held for sale (refer note 62)	0.00	0.00	8.90	33.00	582.70	80.00	0.00	704.60	0.00
Sale of subsidiaries (refer note 61)	0.00	21.60	8.80	104.80	114.00	217.00	0.00	466.20	0.00
<b>As at 31/03/2020</b>	<b>0.00</b>	<b>525.31</b>	<b>864.50</b>	<b>387.16</b>	<b>28801.70</b>	<b>422.07</b>	<b>1351.10</b>	<b>32351.83</b>	<b>0.00</b>
<b>Net Book Value</b>									
As at 31/03/2019	1585.53	4539.11	1032.02	458.60	38288.41	462.04	4340.63	50706.27	326.09
<b>As at 31/03/2020</b>	<b>1109.23</b>	<b>4120.38</b>	<b>845.15</b>	<b>253.71</b>	<b>29364.79</b>	<b>321.49</b>	<b>4250.98</b>	<b>40265.72</b>	<b>376.91</b>

- The Company had adopted an option under Para 46A of AS 11 under previous GAAP which the company has elected to continue as per para D13AA of Ind AS 101 "First time adoption Indian Accounting Standard". Accordingly the exchange difference arising on reporting of long-term foreign currency monetary items, in so far as they relate to the acquisition of depreciable asset, is added or deducted from the cost of the asset and shall be amortised over the balance life of the asset. . During the year company has added ₹ 187.62 Lakh (₹ 208.76 Lakhs) to the capital asset towards such exchange differences. The unamortised amount of such exchange difference included into the carrying amount of asset is ₹ 1043.46 Lakhs (₹ 1109.52 Lakhs).
- The Company has applied the different estimated useful lives as specified in Schedule II in respect of certain assets as disclosed in accounting policy on depreciation on the basis of working of machineries in very tough condition at project sites. In support of that Company has also taken an opinion of Chartered Engineer & Valuer regarding the different useful life. Accordingly the unamortized carrying value of those assets is being depreciated over the remaining useful life as adopted by the Company instead of useful life specified in the Schedule II. This changes result in a higher depreciation of ₹ 1022.29 lakhs (₹ 1241.53 lakhs) charged to profit and loss account.
- Property, plant and equipments has been pledged / hypothecated against non-current borrowings in order to fulfil the collateral requirement for the Lenders (refer note 27).
- There are no restriction on title of property, plant and equipments and Intangible Assets
- There is no contractual commitment on acquisition of property, plant and equipment and intangible assets

### Right to Use Assets (Leased Assets)

Particulars	Plant & Equipment
<b>Movement During The Year</b>	
Balance as at 1st April 2019	5184.11
Addition	0
Disposals	0
Balance as at 31st March 2020	5,184.11
<b>Accumulated Depreciation</b>	
Balance as at 1st April 2019	0
Addition	1912.62
Disposals	0
<b>Balance as at 31st March 2020</b>	<b>1,912.62</b>
<b>Net Block as at 31st March,2020</b>	<b>3,271.49</b>

# Notes on Accounts forming part of Consolidated Financial Statements

## Note No. 6 - Intangible Assets and Intangible asset under development

(₹ in Lakhs)

Particulars	Toll collection rights	Use fee rights	Computer software	Total	Goodwill on consolidation (refer note (v) below)	Intangible asset under development
<b>Cost</b>						
<b>As at April 1, 2018</b>	<b>861,972.90</b>	<b>129,811.60</b>	<b>984.29</b>	<b>992,768.79</b>	<b>20,437.40</b>	<b>28,899.90</b>
Additions	-	21,656.10	24.36	21,680.46	-	2,138.30
Effect of foreign currency exchange differences (refer note (ii) below)	1,885.80	-	-	1,885.80	-	-
Deletion / Adjustments	-	-	-	-	-	(21,742.50)
<b>As at March 31, 2019</b>	<b>863,858.70</b>	<b>151,467.70</b>	<b>1,008.65</b>	<b>1,016,335.05</b>	<b>20,437.40</b>	<b>9,295.70</b>
Additions	-	135.30	6.27	141.57	-	392.50
Deletion / Adjustments	-	-	(228.11)	(228.11)	-	-
Transfer to Asset held for sale (refer note 62)	(43,589.10)	-	(13.40)	(43,602.50)	-	-
Sale of subsidiaries (refer note 61)	(529,867.80)	-	(5.80)	(529,873.60)	(17,784.40)	(135.40)
<b>As at March 31, 2020</b>	<b>290,401.80</b>	<b>151,603.00</b>	<b>767.61</b>	<b>442,772.41</b>	<b>2,653.00</b>	<b>9,552.80</b>
<b>Accumulated Amortisation</b>						
<b>As at April 1, 2018</b>	<b>77,699.10</b>	<b>7,387.40</b>	<b>329.51</b>	<b>85,416.01</b>	-	-
Charge for the year	25,674.50	3,615.10	252.83	29,542.43	-	-
On disposal / adjustment	-	-	-	-	-	-
<b>As at March 31, 2019</b>	<b>103,373.60</b>	<b>11,002.50</b>	<b>582.34</b>	<b>114,958.44</b>	-	-
Charge for the year	25,327.10	3,650.74	242.00	29,219.84	-	-
On disposal / adjustment	-	-	(211.02)	(211.02)	-	-
Transfer to Asset held for sale (refer note 62)	(17,765.90)	-	(12.20)	(17,778.10)	-	-
Sale of subsidiaries (refer note 61)	(83,251.50)	-	(6.00)	(83,257.50)	-	-
<b>As at March 31, 2020</b>	<b>27,683.30</b>	<b>14,653.24</b>	<b>595.12</b>	<b>42,931.66</b>	-	-
<b>Net Block</b>						
<b>As at March 31, 2019</b>	<b>760,485.10</b>	<b>140,465.20</b>	<b>426.31</b>	<b>901,376.61</b>	<b>20,437.40</b>	<b>9,295.70</b>
<b>As at March 31, 2020</b>	<b>262,718.50</b>	<b>136,949.76</b>	<b>172.49</b>	<b>399,840.75</b>	<b>2,653.00</b>	<b>9,552.80</b>

### Notes:

- (i) Toll collection rights also include premium paid / payable to Concessioning authorities under the concession agreement over the concession period. The fair value of premium of ₹ 62,485.30 lakhs (March 31, 2019: ₹ 1,01,594.50 lakhs) payable under the concession agreement at the time of receipt of completion certificate from the authority has been included in the Toll collection rights.
- (ii) The Group had adopted an option under Para 46A of AS 11 under previous GAAP which the group has elected to continue as per para D13AA of Ind AS 101 'First time adoption'. Accordingly, the exchange difference arising on reporting of long-term foreign currency monetary items, taken before transition period i.e. April 01, 2015, in so far as they relate to the acquisition of depreciable asset, is added or deducted from the cost of the asset and shall be amortised over the balance life of the asset.
- (iii) Toll collection right has been pledged against non-current borrowings in order to fulfill the collateral requirement of the Lenders (refer note 27)
- (iv) Refer note 58 for additional disclosure pursuant to Appendix - E to Ind AS 115 - "Service Concession Arrangements" ("SCA").
- (v) The Group has determined that goodwill arising from the acquisition of subsidiaries, has indefinite useful life. As at March 31, 2020, it is tested for impairment. The recoverable amount has been determined based on a value in use by calculating cash flow projections from financial projects. The fair value measurement was categorised as Level 3 fair value based on inputs in the valuation technique used. The key assumption used in the estimation of the recoverable amount was the discount rate of 15-18% (March 31, 2019: 15-18%). Revenue growth rate has been considered based on past performance duly adjusted with future growth as envisaged by management. With regard to assessment of value in use, no reasonably possibly change in any of the above key assumptions would cause the carrying amount to exceed the recoverable amount.
- (vi) In terms of the Concession agreement, deposits for electricity supply is considered as a part of the project cost, accordingly, the same had been capitalized under User fee rights.
- (vii) Refer note 58 for cost capitalised pending approval from concessionaire authorities.

# Notes on Accounts forming part of Consolidated Financial Statements

## Note No. 7 - Investment property

(₹ in Lakhs)

Particulars	Freehold land
<b>At Cost</b>	
<b>As at April 1, 2018</b>	<b>219.20</b>
Addition	-
Disposal / adjustment	-
<b>As at March 31, 2019</b>	<b>219.20</b>
Addition	-
Disposal / adjustment on account of	
Transferred to carve out asset receivable (refer note 22(ii))	(135.40)
<b>As at March 31, 2020</b>	<b>83.80</b>
<b>Accumulated Depreciation</b>	
<b>As at April 1, 2018</b>	-
Charge for the year	-
On disposal / adjustment	-
<b>As at March 31, 2019</b>	-
Charge for the year	-
On disposal / adjustment	-
<b>As at March 31, 2020</b>	-
<b>Net Block</b>	
<b>As at March 31, 2019</b>	<b>219.20</b>
<b>As at March 31, 2020</b>	<b>83.80</b>

### Notes:

- (i) There are no income arising from above investment property. Further, the group has not incurred any expenditure for above property.
- (ii) The Group has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iii) The fair value disclosure of investment property is not given as the property is acquired specifically for offering as security for non-current borrowings and based on the information available with the management that there are no material development in the area where land is situated. Accordingly, management believes that there is no material difference in fair value and carrying value of investment property.

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>8. Investments</b>		
<b>8.1 Investments in Equity Instruments of Other Companies</b>		
5,55,370 (5,55,370) Fully Paid up Equity Shares of Indian Highways Management Co.Ltd. of ₹ 10/- each	55.54	55.54
	55.54	<b>55.54</b>
<b>8.2 Investments in Bonds and Debentures</b>		
(a) 9.5% 20 (20) Bonds of Yes Bank of ₹ 10,00,000/- each	200.00	200.00
(b) Bond of Sardar Sarovar Narmada Nigam Limited	27.57	27.57
(c) 12.5% 10 (10) Debentures of Srei Equipment Finance Ltd of ₹ 10,00,000/- each.	100.00	100.00
(d) 9.25% 20000 (2000) Debentures of Srei Equipment Finance Ltd of ₹ 1,000/- each.	200.00	200.00
	<b>527.57</b>	<b>527.57</b>
<b>8.3 Other Investments</b>		
Investment in NSC	14.78	14.78
	<b>14.78</b>	<b>14.78</b>
<b>8.4 Investment in others (valued at cost)</b>		
Other Investments (FVTPL) (quoted)		
62,041,118(31st March 2019: Nil) fully paid up units of INR 116.75 each in Indinfravit Trust (refer note 61 )	72433.00	0.00
	<b>72433.00</b>	<b>0.00</b>
<b>Total</b>	<b>73030.89</b>	<b>597.89</b>

Aggregate Value of Un-Quoted Investment ₹ 597.89 Lakhs (₹ 597.89 Lakhs)

Aggregate Value of quoted investments 72433.00 Lakhs

### Notes:

- (i) For Fair value disclosures of financial assets refer note 47

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>9. Trade Receivables</b>		
Unsecured considered good	13192.49	8633.35
<b>Total</b>	<b>13192.49</b>	<b>8633.35</b>
<p>(i) No trade or other receivable are due from directors or other officers of the group either severally or jointly with any other person. None of the trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or a member.</p> <p>(ii) For terms and conditions relating to related party receivable, refer note 52</p> <p>(iii) Trade Receivables are non-interest bearing and are generally on terms of 30 to 90 days.</p>		
<b>10. Loans</b>		
Unsecured, considered good		
Loan to Employees	44.50	0.00
<b>Total</b>	<b>44.50</b>	<b>0.00</b>
<p>(a) Since all the above loans given by the Company are unsecured and considered good, the bifurcation of loans in other categories as required to be disclosed by Schedule III of the Companies Act 2013 viz: a) secured b) loans which have significant increase in credit risk and c) credit impaired is not applicable and accordingly, not disclosed.</p> <p>(b) The fair value of non-current loans is not materially different from the carrying value presented.</p>		
<b>11. Receivable under Service Concession Arrangement (Unsecured considered good)</b>		
Receivable under Service concession arrangements	271384.00	216722.50
<b>Total</b>	<b>271384.00</b>	<b>216722.50</b>
<b>Notes:</b>		
<p>(i) Under Service Concession Arrangement (SCA), where a Special Purpose Vehicle (SPV) has acquired contractual rights to receive specified determinable amounts (Annuity) for use of an asset, such amounts are recognised as "Financial Assets" and are disclosed as "Receivable against Service Concession Arrangements".</p> <p>(ii) Refer note 58 for additional disclosure pursuant to Appendix - E to Ind AS 115 - Service Concession Arrangements ('SCA').</p>		
<b>12. Other Financial Assets</b>		
(i) Security & Other Deposits	1.30	517.50
(ii) Bank Deposits with more than 12 months Maturity	550.74	1968.02
(iii) Annuity Receivable	0.00	28352.90
(vi) Interest receivable	607.00	607.00
(v) Unamortized Processing Fees	495.30	0.00
<b>Total</b>	<b>1654.34</b>	<b>30905.62</b>
<b>13. Deferred Tax Assets (Net)</b>		
Deferred tax assets (Refer note 44)	11318.63	9938.93
<b>Closing Balance of Deferred Tax Assets</b>	<b>11318.63</b>	<b>9938.93</b>

# Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>14. Other Non Current Assets</b>		
<b>14.1 Capital Advance</b>		
<b>Advance to Suppliers for Fixed Assets</b>	2639.81	5.33
<b>14.2 Advance other than capital Assets</b>		
(a) Security & Other Deposits	1591.22	1987.66
(b) Capital Advance	54.00	39.96
(c) Tax Credit and Receivables	15.70	646.30
(d) Deferred GST (refer note below)	952.10	952.10
(e) Advance Income Tax (net of provision)	1364.80	2254.10
(f) Tax paid under Protest	0.00	53.20
(g) Prepaid Expenses	585.40	152.70
(h) Advance to Suppliers	4400.8	9010.90
<b>Total</b>	<b>11603.83</b>	<b>15102.35</b>

**Note:**

The credit of Goods and Service tax (GST) of INR 952.1 Lakhs (March 31, 2019: INR 952.1 Lakhs) on works contract for construction of building and civil infrastructure have been accounted as Deferred GST credit which is subject to assessment made by the statutory authority.

## 15. Inventories

(a) Construction Materials	12046.39	14239.65
(b) Work in Progress	0.00	511.39
(c) Stores & Spares	2678.36	3166.17
<b>Total</b>	<b>14724.75</b>	<b>17917.21</b>

Construction material and stores & spares are valued at cost or Net Realizable Value which ever is lower & Work in progress is valued at contract rates.

## 16. Current Investments

Unquoted		
(a) Investment in Units of Mutual Fund (refer note (ii) below)	0.00	9896.40
(b) Investment in Government Securities	0.00	0.20
<b>Total</b>	<b>0.00</b>	<b>9896.60</b>

Aggregate Amount of unquoted investment Rs. Nil (Rs. 9896.40 Lakhs)

**Notes:**

(i) For Fair value disclosures of financial assets refer note 47

(ii) **Details of investments in unquoted units of mutual funds :**

**(INR in Lakhs other than figures in bracket)**

ICICI PRUDENTIAL LIQUID FUND GROWTH PLAN	-	1,883.00
	(-)	(664,658.19)
Aditya Birla Sun life Cash Manager - Growth	-	157.90
	(-)	(57,332.62)
HDFC Mutual Fund Cash Management Growth Option	-	2,767.20
	(-)	(7,072,686.15)
HDFC Mutual Fund-Ultra Short Term Fund -Regular Growth	-	1,964.50
	(-)	(18,786,083.80)
L&T Cash Fund - Growth	-	2,164.20
	(-)	(152,210.08)
Union Corporate Bond Fund Regular Plan-Growth	-	106.90
	(-)	(1,000,000.00)
Axis Ultra Short Term Fund Growth	-	261.30
	(-)	(2,499,024.31)
IDFC CASH FUND -GROWTH	-	475.20
	(-)	(21,051.00)
SBI Liquid Fund - Regular Plan - Growth	-	116.20
	(-)	(3,985.11)
<b>Total</b>		<b>9,896.40</b>

The figures mentioned in bracket represent absolute number of investment units.

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>17. Trade Receivables</b>		
(Unsecured Considered Good)		
(i) Receivable from Related Parties (refer note 52)	2006.05	1772.49
(ii) Others	145808.00	108058.42
<b>Total</b>	<b>147814.05</b>	<b>109830.91</b>

- (i) Trade Receivables are non-interest bearing and are generally on terms of 30 to 90 days
- (ii) Person nor any trade or other receivable are due from firms or private companies or jointly in which any firms or private companies in which any director is a partner, a director or a member.
- (iii) For Fair value disclosures of financial assets refer note 47

### 18. Cash and Cash Equivalents

#### 18.1 Balance with Banks

(a) In Current Accounts (refer note (i) below)	5056.12	7141.32
(b) In Fixed Deposit Accounts	4164.43	5312.70
	<b>9220.55</b>	<b>12454.02</b>

#### 18.2 Cash On Hand (refer note (ii) below)

In Current Account Earmarks for Unpaid Share Application	112.18	724.99
	1.40	0.00
<b>Total</b>	<b>9334.13</b>	<b>13179.01</b>

#### Notes:

- (i) Balances with banks includes balances of INR 3014.2 Lakhs (March 31, 2019: INR 2596.5 Lakhs) lying in the Escrow Accounts which are offered as security against borrowings as per terms of borrowings with the lenders.
- (ii) Includes INR 0.30 Lakhs (March 31,2020: INR 0.30 Lakhs) in accounts earmarked for unpaid share application refund money.
- (iii) Cash On hand includes amount collected towards toll fee/user fee,pending deposit with the bank
- (iv) \* Fixed Deposits include ₹ 1142.33 Lakhs (₹ 1660.00 Lakhs) pledged with central and various state Govt/undertakings and local bodies.

### 19. Bank balance other than Cash and Cash Equivalents

In earmarked Accounts		
(i) Unclaimed Dividend	3.10	4.39
(ii) Maturity more than 3 months but not more than 12 months	11110.88	2574.57
<b>Total</b>	<b>11113.98</b>	<b>2578.96</b>

### 20. Loans

#### Unsecured, considered good

Loans to related parties		
Inter-Corporate Loans	9497.01	1707.00
Loan to Employee	8.40	0.00
<b>Total</b>	<b>9505.41</b>	<b>1707.00</b>

Since all the above loans given by the Company are unsecured and considered good, the bifurcation of loans in other categories as required to be disclosed by Schedule III of the Companies Act 2013 viz: a) secured b) loans which have significant increase in credit risk and c) credit impaired is not applicable and accordingly, not disclosed.



# Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

As at 31-03-2020 As at 31-03-2019

## 21. Receivable under Service Concession Arrangement (Unsecured considered good)

Receivable under Service concession arrangements (refer note below)	28144.70	41767.50
<b>Total</b>	<b>28144.70</b>	<b>41767.50</b>

- (i) Under Service Concession Arrangement (SCA), where a Special Purpose Vehicle (SPV) has acquired contractual rights to receive specified determinable amounts (Annuity) for use of an asset, such amounts are recognised as “Financial Assets” and are disclosed as “Receivable against Service Concession Arrangements”.
- (ii) Refer note 58 for additional disclosure pursuant to Appendix - E to Ind AS 115 - Service Concession Arrangements ('SCA').

## 22. Other Current Financial Assets

(i) Interest Accrued But Not Due on Investments	0.00	156.09
(ii) Interest Receivable	4302.30	3016.80
(iii) Receivable from concessionaire authorities toward claims/ utility shifting/ change in scope (refer note (ii) to (iv) below)	13216.00	17179.30
(iv) Receivable from Toll Suspension (refer note (v) below)	0.00	0.00
(v) Security & Other Deposits	26361.17	23291.66
(vi) Annuity Receivable	0.00	14443.80
(vii) Receivable Against Sale of Assets and Services	2223.30	0.00
(viii) Receivable toward carve out asset (refer note (i) below)	2791.20	0.00
(ix) Recoverable in Cash	0.00	0.00
Due from others	341.03	3385.29
Others	45.80	175.30
<b>Total</b>	<b>49280.80</b>	<b>61648.24</b>

- (i) Pursuant to the definitive share purchase agreement (SPA) dated 1 July 2019 related to sale of equity share of subsidiaries and step down subsidiaries as mentioned in note 61 in detailed, certain assets such as land, investment properties and arbitration claim receivable ('carve out assets') do not form part of the equity consideration and hence, all beneficial rights of the same are retained by the group. Accordingly, the group has accounted such carve out assets as receivable from respective entities in these consolidated financial statement.
- (ii) As per the Concession agreement between Ahmedabad Ring Road Infrastructure Limited (ARRIL), one of the step down subsidiary, and Ahmedabad Urban Development Authority (AUDA), ARRIL is entitled to receive grant of INR 36.00 lakhs for meeting the part project cost subject to the conditions laid down in the Concession Agreement. Upto March 31, 2020, ARRIL has received grant of INR 2957.6 Lakhs and INR 642.4 Lakh is receivable as at March 31, 2020 from AUDA. The conditions of the Concession Agreement related to grant have been met as at reporting date.
- (iii) During the year, pursuant to the favourable arbitration award, RPTPL, a step down subsidiary has demanded 75% of claim amount from NHAI (authority) as per Niti Aayog circular no. n-14070/14/2016-PPPAU. Consequent to further appeal against the aforesaid arbitration award by the authority, the Honourable High Court of Delhi ( the court) had ordered the authority, vide order date July 11, 2018 to deposit 50% of claim amount with the court and make payment of balance 25% against the bank guarantee. This has been challenged by RPTPL for payment of entire 75% of claim amount which has been admitted vide order date October 11, 2018. RPTPL is in process of claiming balance 25% amount from authority. Pursuant to the above, the management is confident to realise the entire claim amount and does not expect any adjustment in these regards. The management has accounted the aforesaid claim receivable in the books amounting to INR 7569.8 Lakhs and interest income amounting to INR 1284.00 Lakhs. The consequent claim payable to EPC contractors of INR 5191.50 Lakhs and interest expense amounting to INR 880.60 Lakhs respectively has been disclosed under note 21.
- (iv) In case of Ahmedabad Ring road Infrastructure Limited (ARRIL), one of the step down subsidiary, Ahmedabad Urban Development Authority (AUDA), has vide resolution passed by its board of directors in the meeting held on October 09, 2017, exempted Light Motor Vehicles (four wheelers) from payment of toll, w.e.f October 10, 2017. In this connection AUDA, relying on legal opinion, in its board meeting has passed resolution to assess claims and make payments as per actual traffic. Company has raised the claims as per the directions of the Board of AUDA. Pending Final decision on claim assessment by AUDA, the said subsidiary has recognised revenue of toll collection of INR 17.36 Million, INR 175.50 Lakhs and INR 166.50 Lakhs for the quarter ended March 31, 2020, December 31, 2019 and March 31, 2019 respectively and INR 686.30 Lakhs and INR 661.70 Lakhs for the year ended March 31, 2020 and March 31, 2019 respectively based on the actual average daily traffic of Light Motor Vehicles (four wheelers) during period April 2017 to September 2017.

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>23. Current Tax Assets (Net)</b>		
Advance Income Tax		
Deduct Provision for Income Tax	35684.11	29923.43
Advance Income Tax (Net)	23323.98	19702.24
<b>Total</b>	<b>12360.13</b>	<b>10221.19</b>
<b>24. Other Current Assets</b>		
<b>24.1 Advances other than capital advances</b>		
(a) Advances for goods and Services	19542.22	16182.72
(b) Advances to Others	307.28	309.15
<b>Total</b>	<b>19849.50</b>	<b>16491.87</b>
<b>24.2 Others</b>		
(a) Advance Sales Tax, GST & Service Tax	5827.82	6791.73
(b) Advance to Venders	17657.60	21221.40
(c) Contract asset ( refer note 51 and 52)	158.20	991.10
(d) Prepaid Expenses	1235.54	2471.48
(e) Tax Credit Receivables	29416.20	26429.30
(f) Group Gratuity Fund	302.49	0.00
(g) Input tax Receivable-GST	89.30	219.80
(h) GST TDS Receivable	0.00	20.40
(i) Unbilled Revenue (refer note 51)	45.90	68.10
	<b>54733.05</b>	<b>58213.31</b>
<b>Total</b>	<b>74582.55</b>	<b>74705.18</b>

**Note:** The credit of Goods and Service tax (GST) on works contract for construction of building and civil infrastructure have been accounted as Deferred GST credit account. The utilization of deferred GST credit is subject to assessment made by the statutory authority.

### 25. Equity & Share Capital

(a) Authorized Share Capital: 20,00,00,000 (20,00,00,000) Equity Shares of ₹ 1/- each		
(b) Issued, Subscribed and fully paid 171570800 (171570800) Equity Shares of ₹ 1/- each with voting rights	1715.71	1715.71
(c) Reconciliation of Nos. of Equity Shares with voting rights:		
Outstanding at the beginning of the Period (Nos.)	171570800	171570800
Addition during the period towards ESOP (Nos.)	0	0
Outstanding at the end of the Period (Nos.)	<b>171570800</b>	<b>171570800</b>
(d) Rights of Shareholders and Repayment of Capital:		
(i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 1/-.		
(ii) Each holder of equity shares is entitled to one vote per share.		
(iii) In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.		

(e) Shares with voting rights held by each share holder holding more than 5% Equity shares of the company:

Name of Share Holder(s)	As at 31.03.2020		As at 31.03.2019	
	No. of shares	% age	No. of shares	% age
Sadbhav Finstock Pvt. Ltd.	16545275	9.64%	16545275	9.64%
Shantaben V. Patel	49086135	28.60%	48161135	28.07%
ICICI Life Insurance Company Limited	9391321	5.47%	12324939	7.18%
HDFC Trustee Company Limited	0	0.00%	12645099	7.37%
HDFC Small Cap Fund	15856599	9.24%	-	-

## Notes on Accounts forming part of Consolidated Financial Statements

	(₹ in Lakhs)	
	As at 31-03-2020	As at 31-03-2019
<b>26. Other Equity</b>		
(a) Capital reserve		
As per Last Balance Sheet	33104.47	33104.47
Add/(Deduction) during the year	0.00	0.00
Closing Balance	<b>33104.47</b>	<b>33104.47</b>
The excess of net assets taken over the cost of consideration paid at the time of acquisition of subsidiaries was treated as capital reserve.		
(b) Security Premium Reserve		
As per Last Balance Sheet	57134.05	57134.15
Addition during the year	0.00	57134.15
Less : QIP Expenses	0.00	57134.15
Closing Balance	<b>57134.05</b>	<b>57134.15</b>
Securities premium represents the premium received on issue of shares over and above the face value of equity shares. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
(c) Debenture Redemption Reserve		
As per Last Balance Sheet	11712.20	10477.40
Addition: Transfer from surplus of statement of profit and loss (refer note (i) below)	0.00	6019.30
Deduction: Transfer to General Reserve	(7543.30)	(4784.50)
Closing Balance	<b>4168.90</b>	<b>11712.20</b>
The group has issued redeemable non-convertible debentures (refer note 18). Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the group to create Debenture Redemption Reserve ('DRR') out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. DRR is required to be created over the life of debentures and upon redemption of debentures, DRR is required to be transferred to general reserve. During the year, the Ministry of Corporate Affairs has issue Companies (Share Capital and Debentures) Amendment rules, 2019 dated August 16, 2019 whereby it has exempted listed companies from creation of DRR in case of public issue of debentures. Accordingly, the group has not created additional DRR during the year. However, the group has carried forward opening balance of DRR as it pertains to earlier reporting period. Further, the Group has transferred INR 7543.30 Lakhs (March 31, 2019: INR 4784.50 Lakhs) from DRR to general reserve upon redemption of debentures during the year ended March 31, 2020.		
(d) Sub-ordinate debt		
As per Last Balance Sheet	0.00	0.00
Add: Addition during the year	0.00	0.00
Closing Balance	<b>0.00</b>	<b>0.00</b>
(e) General Reserves		
As per Last Balance Sheet	23424.68	18640.18
Addition during the year	7543.30	4784.50
Closing Balance	<b>30967.98</b>	<b>23424.68</b>
General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer between components of equity and is not an item of other comprehensive income.		
(f) Other Comprehensive Income		
As per Last Balance Sheet	(158.39)	(113.49)
Addition/(deduction) During the Year	336.69	(44.90)
Closing Balance	<b>178.30</b>	<b>(158.39)</b>
(g) Equity Component of Compound Financial Instruments		
As per Last Balance Sheet	0.00	0.00
Addition during the year	0.00	0.00
Closing Balance	<b>0.00</b>	<b>0.00</b>

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
(h) Profit and Loss account		
As per last Balance Sheet	(43432.60)	(31826.99)
Net loss (Profit) for the year	79282.97	2112.90
Appropriations:-		
Interim dividend for the year paid (including dividend distribution tax)	0.00	1267.80
Dividend Paid (including dividend distribution tax)	3090.37	2813.87
Adjustment on account of acquisition of non-controlling interest	(675.79)	3589.47
Share Issue Expenses	22.10	36.60
Transfer of amount from non-controlling interest (refer note (ii) below)	614.60	3581.10
Transfer to Debenture Redemption reserves	0.00	2429.70
Closing Balance	<b>32799.08</b>	<b>(43432.61)</b>
<b>Total</b>	<b>158352.78</b>	<b>81,784.40</b>

(i) Retained earnings are the profits that the Group has earned till date, less any transfers to dividends or other distributions paid to shareholders.

(ii) Pursuant to the definitive share purchase agreement ('the agreement') dated July 1, 2019 with IndInfravit Trust, the company has sold entire equity shareholding in Bijapur Hungund Tollway Private Limited including minority stake. As results, the company had purchased minority stake for purpose of transferred to IndInfravit Trust and accordingly, the company has transferred minority interest to retaining earning upon purchased of minority stake.

During the previous year, pursuant to Buyback Guarantee agreement dated January 30, 2017 with SREI Equipments Finance Limited, the group acquired 6% minority interest of the step down subsidiary company i.e. Maharashtra Board Check Post Network Limited during the previous year ended March 31, 2019. Consequently, the loss under minority interest of INR 1305.10 Lakhs as well as INR 2276.00 Lakhs amount paid toward purchase of minority interest was recorded in the retained earning.

<b>Non Controlling Interest</b>	<b>0.00</b>	<b>0.00</b>
Opening balance	13342.50	34807.25
Less :- Loss During the year	0.00	
Less :- Profit /(Loss )During the year	31770.73	(11095.10)
Less :- Share of Minority in Shares of SIPL purchase by SEL during the year transferred	(429.10)	0.00
Add : Share Capital of minority in Mysore Bellary	0.00	0.00
Adjustment on account of acquisition of NCI	(2417.68)	0.00
Adjustment on account of acquisition of non-controlling interest	0.00	0.00
Reduction in compound financial instrument	0.00	(667.00)
Reversal during the year	0.00	0.00
<b>Total</b>	<b>42266.45</b>	<b>13342.50</b>

## Notes on Accounts forming part of Consolidated Financial Statements

	(₹ in Lakhs)	
	As at 31-03-2020	As at 31-03-2019
<b>27. Long Term Borrowings</b>		
<b>(a) Bonds/Debentures</b>		
(Secured)		
Secured redeemable non-convertible debentures		
(a) ICICI Prudential Asset Management 1500 (31 March 2019: 1500)	10000.00	15000.00
(b) 199 (31 March 2019: 1,200) of INR 10,00,000 each	1990.00	12000.00
(c) Nil (31 March 2019: 1,120) of INR Rs. 10,00,000/- each	0.00	11200.00
(d) NIL(31 March 2019: 1,30,880) Non Convertible Debentures of ₹ 100,000/- each	0.00	128173.60
(e) NIL (31 March 2019: 4,61,570) Non Convertible Debentures of ₹ 10,000/- each	0.00	46119.30
(f) 1,597 (31 March 2019: 3,000) Redeemable, Non Convertible Debentures of ₹ 10,00,000 each	15970.00	30000.00
(g) 2,166 (31 March 2019: 3,600) Redeemable, Non Convertible Debentures of ₹ 10,00,000 each	21660.00	36000.00
	<b>49620.00</b>	<b>278492.90</b>
Less Current maturity of NCDs	2960.00	20280.30
	<b>46660.0</b>	<b>258212.6</b>
(Unsecured)		
(a) SBI Mutual Fund (Unsecured) 1900 debentures of ₹ 10 Lacs each	0.00	19000.00
<b>(b) Term Loans</b>		
Secured		
<b>(i) From Banks:-</b>		
(a) Foreign Currency Term Loan (ECB)	840.72	2371.82
(b) Rupee Term Loan	484673.13	667413.81
(c) Overdraft Facility from Bank	0.00	0.00
	<b>485513.85</b>	<b>669785.63</b>
<b>Less Deferred Processing Fees</b>	0.00	0.00
Less Current maturity	13841.60	18605.30
	<b>471672.25</b>	<b>651180.33</b>
<b>Detail of Security</b>		
Secured by way of hypothecation of specific machineries and equipments purchased and mortgage of Sadbhav Vision House, Guest House & office in Mumbai, Non Agricultural land at Sheikhpur (Ahmedabad), Guest House in Delhi.		
Subservient charge on tangible assets [movable fixed assets and/or current assets] to the extent of 1.0 times of outstanding facility.		
Pledge over paid-up equity shares of Sadbhav Infrastructure Project Limited ("Subsidiary") to the extent 1.25x of outstanding facility amount.		
<b>(ii) From Financial Institutions</b>	44946.71	39872.85
<b>Detail of Security</b>		
Term loans from Financial Institutions are secured by way of hypothecation of specific machineries and equipments purchased.		
<b>(iii) Unamortised Processing fees</b>	0.00	0.00
Interest Free Loan from Holding Company		
	<b>563278.96</b>	<b>968265.78</b>

## Notes on Accounts forming part of Consolidated Financial Statements

The details in respect of long term borrowings availed by the company are as under:

**(a) ICICI Prudential Asset Management**

Pledge over paid-up equity share capital of Sadbhav Infrastructure Project Limited ("Subsidiary") overall cover to be atleast 1.5x of the Outstanding Amount during the tenor of the facility.

"Rate of Interest : Coupon rate of 9.25 % plus Redemption Premium at a premium of such amount which gives the holder of the Debentures an IRR of 10.15% p.a. computed using the XIRR function on Microsoft Excel 2010 Edition ("Rate of Return")."

Repayable during the year	No. of Installments	Maturity Amount
2021-22	1	5,000.00
2022-23	1	5,000.00
2023-24	1	5,000.00

The details in respect of long term borrowings availed by subsidiaries are as under:

**(i) Redeemable Non-Convertible Debentures (NCDs) issued by the Company**

**(a) 199 (March 31, 2019: 1,200) Redeemable Non Convertible debentures (NCD) are secured by:**

1. (i) first ranking charge created on 10,71,198 equity shares of Subsidiary in the Rohtak Panipat Tollway Private Limited; (ii) the corporate guarantee by Sadbhav Engineering Limited (The Company); (iii) first and exclusive mortgage over the mortgaged property, in accordance with the respective security documents.

**2. Terms of repayments are as under**

Series of NCDs	No. of NCDs issued	Coupon Rate p.a %	Terms of Repayment	Earliest Date of Redemption
Series C	199	5%	Bullet Repayment	13-Apr-20

The debenture holders at the end of year 3 and year 4 shall have the right to seek prepayment / early redemption of Series C debentures in whole or part or in such proportion as it may deem fit. Thereupon, subsidiary shall be obliged to prepay debentures in such manner that debenture holders may achieve the IRR at the rate of 11.75% on value of the debentures for which the Put option is exercised.

**(b) Nil (March 31, 2019: 1,120) Redeemable Non Convertible debentures (NCD) are secured by:**

(i) an unconditional, irrevocable and continuing corporate guarantee from Sadbhav Engineering Limited- the company (SEL), covering the entire redemption amount. (ii) Pledge of 10,287,215 shares of Sadbhav Engineering Limited (SEL) by Sadbhav Finstock Pvt. Ltd. (iii) Pledge of 67% shareholding of Ahmedabad Ring Road Infrastructure Limited (ARRIL) representing 5,857,540 equity shares have been pledged. (iv) Working Capital Demand Loan (WC DL) facility to the extent of next repayment instalment to be lien marked for the NCD to be obtained by subsidiary/ SEL and to be utilised only towards repayment of the NCD at least 20 days before each redemption payment date for amount which are due in next 20 days

**(c) 1,597 (March 31, 2019: 3000) Redeemable , Non Convertible debentures (NCD) are secured by:**

1. (i) Pledge of 43.71% shareholding of Maharashtra Border Check Post Network Limited representing 21,857 equity shares held by subsidiary and (ii) A first charge over the Designated A/c-Debenture Payments and all funds and monies lying therein present & future

**2. Terms of repayments are as under**

Series of NCDs	No. of NCDs issued	Coupon Rate p.a %	Terms of Repayment
Series III	500	2.60%	Bullet Repayment
Series IV	500	2.60%	Bullet Repayment
Series B	97	0%	Bullet Repayment
Series C	250	0%	Bullet Repayment
Series D	250	0%	Bullet Repayment

The debenture holders at the end of year 3 shall have the right to seek prepayment / early redemption of Series III and Series IV debentures in full. Thereupon, subsidiary shall be obliged to pay all accrued coupon thereon and redemption premium set forth at Part B of Schedule IV of the Debenture trust deed.

## Notes on Accounts forming part of Consolidated Financial Statements

**(d) 2,166 (March 31, 2019: 3600) Redeemable, Non Convertible debentures (NCD) are secured by:**

1. (i) The Corporate Guarantee by Sadbhav Engineering Limited ('SEL') (The Company); (ii) first ranking charge created by way of hypothecation over the designated account and (iii) first and second ranking exclusive mortgage over the mortgaged property, in accordance with the respective Security Documents.

**2. Terms of repayments are as under**

Series of NCDs	No. of NCDs issued	Coupon Rate p.a %	Terms of Repayment	Earliest Date of Redemption
Series I	892	0%	Bullet Repayment	23-Apr-23
Series II	1274	0%	Bullet Repayment	06-Jun-23

**(ii) Redeemable Non-Convertible Debentures (NCDs) issued by the step down subsidiaries which was sold to Indinfravit Trust during the year:**

The Facility, and the payment and other obligations of the Borrower under the finance documents shall be secured by a first ranking:

- Charge on all the borrower's immovable and movable property (both present and future) except Project Assets
- An assignment by way of security over all the borrower's right, title and interest in and to each transaction document.
- A share pledge, at all times, over not more than 99% of the sponsors shareholding in the borrower.
- The Security created under The Debenture Trust Deed shall rank pari passu inter se, amongst The trustees.

**(a) DPTL**

**Nil (31 March 2019: 4,61,570) Redeemable, Non Convertible Debentures (NCD):**

**Terms of Repayment**

Non convertible debentures are repayable in 40 consecutive quarterly installment commencing from 5th April 2016 to 5th December 2025 on the repayment dates and in percentage as mentioned in Schedule VI of Debenture Trust Deed executed on 10th Mar 2016.

**(b) BHTPL**

**Nil (31 March 2019: 39,483) Redeemable, Non Convertible Debentures (NCD):**

**Terms of Repayment**

The redemption of debenture shall be made in 148 monthly installments on the last day of each month, commencing from 31 May, 2016. The T1 NCD Includes 9,993 NCDs of India Infradebt Limited & 14,990 NCDs Of L&T Infra Debt Fund Limited, having face value of INR 1,00,000 /- each.

T2- The redemption of debenture is to be made in 124 installments on the last day of each month , which has commenced from 31 May, 2018 .The T2 Includes 14,500 NCDs of india Infradebt Limited Having face value of INR 1,00,000/- each.

**(c) HYTPL**

**Nil (31 March 2019: 19,597) Redeemable, Non Convertible Debentures (NCD):**

**Terms of Repayment**

(i) The redemption of debenture [Trench I] shall be made in 59 quarterly installments on the last day of each quarter, commencing from 15 September, 2016 and last date of Instalment is March 15, 2031.

(ii) The redemption of debenture [Trench II] shall be made in 55 quarterly installments on the last day of each quarter, commencing from 15 September, 2017 and last date of Instalment is March 15, 2031.

**(d) SUTPL**

**Nil (31 March 2019: 54,500) Redeemable, Non Convertible Debentures (NCD):**

**Terms of Repayment**

The redemption of debenture shall be made in 77 quarterly installments on the last day of each month, commencing from 31 March, 2018.

**(iii) Rupee Term Loans from banks and other parties availed by subsidiaries are secured by:**

1. a first mortgage and charge on all the respective step down subsidiary's immovable properties, both present and future, save and except the Project Assets;
2. a first charge on all the respective step down subsidiary's tangible moveable assets, including plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future, save and except the Project Assets;
3. first charge over all accounts of subsidiary including the escrow account and the sub-accounts (or any account in substitution thereof) that may be opened in accordance with Common Rupee Loan Agreement and the Supplementary Escrow Agreement, or any other Project Documents including but not limited to Debt service reserve ('DSR') and Major maintenance reserve ('MMR') and all funds from time to time deposited therein, including those arising out of realisation of receivable and all permitted investments or other securities representing all amounts credited thereto.

## Notes on Accounts forming part of Consolidated Financial Statements

4. a first charge on all intangibles assets of the respective step down subsidiary entity including but not limited to goodwill, rights, undertakings and uncalled capital present and future excluding the Project Assets.
5. a first charge on assignment by way of security in:  
all the right, title, interest, benefits, claims and demands whatsoever of the respective subsidiary entity in the Project documents;  
charge/ assignment on all the intangible assets of the respective step down subsidiary (other than project assets) including but not limited to goodwill, rights, undertakings, all the right, title, interest, benefits, claims and demands whatsoever of the respective step down subsidiary in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;  
all the right, title, interest, benefits, claims and demands whatsoever of the respective step down subsidiary under all Insurance Contracts.
6. pledge of equity shares held by subsidiary and promoters holding in the respective step down subsidiary as stipulated in the Loan agreements.
7. the aforesaid mortgages, charges, assignments and guarantees and the pledge of equity shares as stipulated in paragraph 6 above shall in all respects rank pari-passu inter-se amongst the lenders. In accordance with the concession agreement, without any preference or priority to one over the other or others.

### Terms of Repayment of borrowings availed by step down subsidiaries:

#### (a) MBCPNL

Term loan include loans amounting to INR 111159.00 Lakhs (March 31, 2019: INR 113023.00 Lakhs) taken from a consortium consisting of banks.

#### Indian rupee term loans from banks:

The Principal amounts of the loan to each of the lenders shall be repayable in 49 structured quarterly instalments on the last day of each quarter, commencing from March 31, 2020. Term loans carry interest of 10.24% per annum. MBCPNL has applied to lenders for mortiorium of 6 month for the principal repayment due on March-20 quarter as per the RBI directives under the Covid 19 relief measure.

#### (b) RPTPL

Term loan include loans amounting to INR 90123.40 Lakhs (March 31, 2019: INR 92828.30 Lakhs) taken from a consortium consisting of a banks and finance companies.

#### Indian rupee term loans from banks & other party:

The Principal Amounts of the Loan to each of the Lenders shall be repayable in 43 structured quarterly installments on the last day of each quarter, commencing from the expiry of monetarism period (22 quarters from initial drawdown date i.e. March 30th, 2011). The last date of installment is March 31, 2027.

Term loans carry interest at bank base rate plus 200 basis point as spread i.e. 11.60% to 12.10 % per annum as on March 31, 2020. RPTPL has applied to lenders for mortiorium of 6 month for the principal repayment due on March-20 quarter as per the RBI directives under the Covid 19 relief measure.

#### (c) RHTPL

Term loan include loans amounting to INR 93078.80 Lakhs (March 31, 2019: INR 93666.80 Lakhs) taken from a consortium consisting of banks.

#### Indian rupee term loans from banks:

The Principal amounts of the loan is repayable to the lenders in 174 structured monthly installments, commencing from the expiry of thirteenth (13th) calendar month starting from the calendar month in which the Scheduled Commercial Operations Date (SCOD) occurs.i.e. July 31, 2017.

As at March 31, 2020, term loans carry interest rate of 11.60 % per annum except term loan from Canara Bank which carries interest rate of 12.80% per annum and Bank of India which carries interest rate of 14.50% per annum. RHTPL has applied to lenders for mortiorium of 6 month for the principal repayment due on March-20 quarter as per the RBI directives under the Covid 19 relief measure.



## Notes on Accounts forming part of Consolidated Financial Statements

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### (d) SBHPL

Term loan include loans amounting to INR 32024.00 Lakhs (March 31, 2019: INR 26700.80 Lakhs) taken from consortium of banks.

Subsidiary had requested for extension of Schedule Commercial Operation Date (SCOD) to the lender for delay in completion of work for the reasons not attributed to subsidiary. Considering extension of time given by NHAH for milestone achievement, the lenders have granted extension of SCOD from August 06, 2019 to August 06, 2020 with matching deferment of repayment schedule. Accordingly the first repayment date of loan which was earlier April 30, 2020 has been deferred to April 30, 2021 and the tenor of loan has been extended from 17 years to 18 years. The loans carry average interest rate of 9.25% to 9.40% per annum as on March 31, 2020.

### (e) SUHPL

Term loan include loans amounting to INR 17539.00 Lakhs (March 31, 2019: INR 15470.10 Lakhs taken from consortium of banks.

Subsidiary had requested for extension of Schedule Commercial Operation Date (SCOD) to the lender due to delay in completion of work for the reasons not attributed to Subsidiary. Considering extension of time given by NHAH for milestone achievement, the lenders have granted extension of SCOD from August 08, 2019 to December 08, 2020 with matching deferment of repayment schedule. Accordingly the first repayment date of loan which was earlier April 30, 2020 has been deferred to August 31, 2021 and the tenor of loan has been extended from 17 years to 18 years.

The principal amounts of the Loan to each of the lenders shall be repayable in 28 structured Bi-annually instalments, commencing from August 31, 2020 and last date of instalment is November 30, 2034. The loans carry average interest rate of 9.25 % to 9.40 % per annum as on March 31, 2020

### (f) SRHPL

Term loan include loans amounting to INR 22028.10 Lakhs (March 31, 2019: INR 15510.50 Lakhs) taken from consortium of banks.

Subsidiary had requested for extension of Schedule Commercial Operation Date (SCOD) to the lender for delay in completion of work for the reasons not attributed to Subsidiary. Considering extension of time given by NHAH for milestone achievement, the lenders have granted extension of SCOD with matching deferment of repayment schedule. Accordingly the first repayment date of loan which was earlier April 30, 2019 has been deferred to October 31, 2019 and the tenor of loan has been extended from 17 years to 18 years. SRHPL has applied to lenders for moratorium of 6 month for the principal repayment due on March-20 quarter as per the RBI directives under the Covid 19 relief measure.

The principal amounts of the loan to each of the lenders shall be repayable in 28 structured Bi-annually instalments, commencing from the October 31, 2019 and last date of instalment is July 31, 2033.

Term loans carry interest at bank base rate plus spread i.e. 9.20 % per annum as on March 31, 2020.

### (g) SNHPL

Term loan include loans amounting to INR 14537.20 Lakhs as on March 31, 2020 (March 31, 2019: INR 7185.80 Lakhs) taken from consortium of banks.

Subsidiary had requested for extension of Schedule Commercial Operation Date (SCOD) to the lender for delay in completion of work for the reasons not attributed to Subsidiary. Considering extension of time given by NHAH for milestone achievement, the lenders have granted extension of SCOD with matching deferment of repayment schedule. Accordingly the first repayment date of loan which was earlier April 30, 2019 has been deferred to August 28, 2020 and the tenor of loan has been extended from 17 years to 18 years.

The principal amounts of the loan to each of the lenders shall be repayable in 28 structured Bi-annually instalments, commencing from the August 30, 2020 and last date of instalment is February 28, 2034.

Term loans carry interest at bank base rate plus spread i.e. 9.87 % per annum as on March 31, 2020.

## Notes on Accounts forming part of Consolidated Financial Statements

### (h) SBGHPL

Term loan include loans amounting to INR 42971.10 Lakhs (March 31, 2019: INR 34038.80 Lakhs) taken from consortium of banks.

Subsidiary had requested for extension of Schedule Commercial Operation Date (SCOD) to the lender for delay in completion of work for the reasons not attributed to Subsidiary. Considering extension of time given by NHA for milestone achievement, the lenders have granted extension of SCOD with matching deferment of repayment schedule. Accordingly the first repayment date of loan which was earlier January 31, 2020 has been deferred to January 31, 2021 and the tenor of loan has been extended from 17 years to 18 years.

The Principal amounts of the loan is repayable to the lenders in 28 half yearly structured installments, commencing from the First Repayment date (January 31, 2021) on the last day of each Half year in the amounts equivalent to the percentage of the total amount of loan, which is stated against the corresponding half year expiry in the Amortisation schedule. Subsidiary has the option to prepay the loan after the payment of prepayment premium.

Term loans carry interest at average interest rate i.e. 9.90% per annum as on March 31, 2020.

### (i) SUDHPL

Term loan include loans amounting to INR 38215.40 Lakhs (March 31, 2019: INR 24595.10 Lakhs) taken from consortium of banks.

Subsidiary had requested for extension of Schedule Commercial Operation Date (SCOD) to the lender for delay in completion of work for the reasons not attributed to Subsidiary. Considering extension of time given by NHA for milestone achievement, the lenders have granted extension of SCOD with matching deferment of repayment schedule. Accordingly the first repayment date of loan which was earlier September 30, 2020 has been deferred to May, 2021 and the tenor of loan has been extended from 14 years to 15 years.

The Principal Amounts of the Loan to each of the Lenders are repayable in 28 equal half yearly installments commencing from May 2021.

Term loans carry interest at bank base rate plus 110 basis point as spread i.e. 9.85% to 11% per annum as on March 31, 2020.

### (j) SVHPL

Term loan include loans amounting to INR 36651.80 Lakhs (March 31, 2019: INR 15549.60 Lakhs) taken from consortium of banks.

The Principal Amounts of the Loan to each of the Lenders shall be repayable in 27 structured Bi-Annual instalments, commencing from December 31, 2020 and last date of Instalment is December 31, 2033.

The loans carry average interest rate of 9.25 % to 9.40 % per cent per annum as on March 31, 2020.

### (k) SHAPL

Term loan include loans amounting to INR 4798.70 Lakhs (March 31, 2019: INR 4736.30 Lakhs). All principal amounts comprising the Facility shall be paid as a bullet repayment at the end of the Term of the Facility.

The effective interest rate of the loan is 10.88% to 11.63% per annum compounded monthly basis as on March 31, 2020.

#### Terms of Repayment of borrowings availed by entity which is held for sale as at March 31, 2020:

##### (a) ARRIL

Term loan include loans amounting to INR 13385.60 Lakhs (March 31, 2019: INR 20063.40 Lakhs) taken from a consortium consisting of bank and financial institutions.

##### First Ranking Rupee Loan:

The First Ranking Rupee Loan is repayable to each lender in 50 structured quarterly instalments commencing from August 31, 2009. As per repayment schedule of the loan agreement, the principal amount outstanding under the said agreement shall be repaid by November 30, 2021.

As at March 31, 2020, the loans carries average interest rate of 8.60 % to 8.90 % per annum.

## Notes on Accounts forming part of Consolidated Financial Statements

### Second Ranking Rupee Loan:

The Second Ranking Rupee Loan is repayable to the lender in 52 structured quarterly instalments commencing from August 31, 2011. As per repayment schedule of the loan agreement, all the principal amount outstanding under the said agreement shall be repaid by May 31, 2024.

As at March 31, 2020, the loan carries average interest rate of 11.60 % per annum.

### Terms of Repayment of borrowings availed by entities which has been sold to Indinfravit Trust during the year:

#### (l) AJTL

Included term loan amounting to Nil (March 31, 2019: INR 21695.60 Lakhs) taken from a consortium consisting of bank and finance institution.

#### Indian rupee term loans from banks:

The principal amounts of the Loan to each of the Lenders was repayable in 53 equal quarterly installments commencing from September 30, 2016 . As per the repayment schedule of the loan agreement, all the principal amount outstanding under the said agreement shall be repaid by March 31, 2030. Similar, the company also has the option to prepay the loans.

#### (m) BHTPL

Included term loan amounting to Nil (March 31, 2019: INR 40450.20 Lakhs) taken from a consortium consisting of bank and finance companies.

#### Indian rupee term loans from banks:

##### T1 facility:

The principal amount of the loan to each of the lenders was repayable in unequal 161 monthly installments on the last day of each month , commencing from 31 May, 2016. Further, the company has taken overdraft which is repayable in unequal 149 monthly installments on the last day of each month, commencing from 31st May, 2016.

##### T2 facility:

The principal amounts of the loan to lenders was repayable in unequal 150 monthly installments on the last day of each month, commencing from 31 October, 2017.

#### (n) HYTPL

Included term loan amounting to Nil (March 31, 2019: INR 17340.30 Lakhs) taken from banks.

#### Indian rupee term loans from banks:

The Principal amounts of the loan to each of the lenders was repayable in 180 structured monthly instalments on the last day of each month, commencing from the April 15, 2017 and last date of instalment is March 15, 2031.

#### (o) SUTPL

Included term loan amounting to Nil (March 31, 2019: INR 28161.70 Lakhs) taken from consortium of banks.

#### Indian rupee term loans from banks:

The Principal amounts of the Loan to each of the Lenders was repayable in unequal 231 monthly installments on the last day of each month, commencing from 30th September, 2017.

#### (p) BRTPL

Included term loan amounting to INR Nil (March 31, 2019: INR 27185.10 Lakhs) taken from consortium of banks.

#### Indian rupee term loans from banks:

The Principal amount of the loan was repayable to the lenders in 73 structured quarterly installments, commenced from March 31, 2018.

#### (q) DPTL

Included term loan amounting to INR Nil (March 31, 2019: 55274.80 Lakhs) taken from consortium of banks.

#### Indian rupee term loans from banks:

The Principal amount of the loan was repayable in 43 consecutive quarterly installment commencing from 5th Jan 2016 to 5th July 2026 on the repayment dates and in percentage as mentioned in amortization schedule as set forth in schedule XIII of the Common Loan Agreement executed on 28th Sep 2015.

## Notes on Accounts forming part of Consolidated Financial Statements

### (iv) Liability component of compound financial instruments:

Interest free loan given by the company (Sadbhav Engineering Limited) pursuant to the conversion of Compulsory Convertible Cumulative Preference Shares (CCCPS) into equity shares, whereby promoters has given a commitment to keep the loan balance of INR 7795.60 Lakhs in Subsidiary for a period of 11 years from the date of conversion of CCCPS i.e. November 27, 2014. Accordingly, this Interest free loan has been bifurcated into liability and equity components based on the terms of the contract and equity components has been accounted under Other Equity (refer note 17) and liability component under non-current borrowings. Interest on liability component is recognised using the effective interest method.

### (v) Debt covenants:

Non current borrowings contain debt covenants relating to debt-equity ratio and total debt to net worth. Group has satisfied all the debts covenants prescribed in the terms of respective loan agreements as at reporting date, except in one of the step down subsidiary which has not been able to meet one of the covenant viz debt service coverage ratio as at the end of the year. As per communication with lender, management believes that this does not have any financial or other implication as regards these consolidated financial statement.

	(₹ in Lakhs)	
	As at 31-03-2020	As at 31-03-2019
<b>28. Other Financial Liabilities</b>		
(i) Advance Received for sale of Shares	0.00	0.02
(ii) Security & Other Deposits from Sub-contractors	1597.21	552.91
(iii) Interest accrued on premium obligation (refer note (i) below)	7336.40	6822.40
(iv) Interest accrued but not due on Debenture/Mobilisation advance	9783.50	13075.10
(vi) Premium Obligation under Concession Agreement	65861.50	115498.40
(vii) Deferred Premium Obligation (refer note (i) below)	29288.80	35622.60
<b>Total</b>	<b>113867.41</b>	<b>171571.43</b>

### Notes:

- (i) In case of one of the step down subsidiary, RPTPL, premium obligation under the Concession Agreement has been deferred by NHAI vide its sanction letter. According to the terms of the sanction letter, the group shall pay entire deferred premium and interest thereon no later than one year prior to the expiry of the concession period. Amount of premium obligation which has not been deferred are payable in unequal monthly instalments, in terms of the sanction letter, during the concession period. Accordingly, the deferred obligation has been classified as non-current liabilities. As per the Ministry of Road Transport & Highways policy of National Highway Authorities of India (NHAI), the group is liable to make payment of Interest on Deferment of Premium at Bank Rate + 2% p.a. which is charged to consolidated statement of profit & loss account for the year and obligation on the same has been recognised as liabilities.
- (ii) During the year, the group has applied to lenders for moratorium of 6 month for the interest payment due in the month of March-20 as per the RBI directives under the Covid 19 relief measure.
- (iii) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at March 31, 2020 (March 31, 2019: Nil).

## Notes on Accounts forming part of Consolidated Financial Statements

	(₹ in Lakhs)	
	As at 31-03-2020	As at 31-03-2019
<b>29. Deferred Tax Assets (Net)</b>		
Deferred Tax Assets (net) (refer note 45)	7679.40	7501.70
<b>Total</b>	<b>7679.40</b>	<b>7501.70</b>
<b>30. Long-Term Provisions</b>		
Provision for Employee Benefits		
Provision for Gratuity (refer note 50)	217.70	331.20
Periodic Major Maintenance (refer note 54)	13527.30	21365.70
<b>Total</b>	<b>13745.00</b>	<b>21696.90</b>
<b>31. Short-Term Borrowings</b>		
<b>31.1 Loans repayable on demand</b>		
<u>Secured</u>		
Short Term Loans From Banks (refer note 27)	63269.07	55615.35
Overdraft due to Issuance of Cheques	1992.29	1.97
<b>Detail of Security</b>		
(a) Hypothecation of stock of construction materials lying at sites, books debts and other receivables.		
(b) First charge by way of mortgage of immovable property (Sadbhav House) and immovable property situated at Village Ognaj along with furnitures, fixtures etc. owned by company and All Fixed Assets (Movable & Immovable) of the company which are not hypothecated/Charged to other lenders. Second charge on machineries owned by the company.		
(c) Personal Guarantee of Shri Shashin V. Patel, Shri Vasisthakumar Patel , Shri Vikramkumar Patel and Smt. Shantaben V. Patel.		
<u>Unsecured</u>		
From Banks	4060.00	17299.11
	<b>69321.36</b>	<b>73916.43</b>
<b>Notes:</b>		
(i) Unsecured loan from Banks which includes Working Capital Demand Loan facilities of Rs.1000.00 Lakhs which are secured against Corporate guarantee of the company. The Working Capital Demand Loans are repayable within 90 days of borrowing and carry interest from 10.50% to 9.10% p.a.		
(ii) Interest free loan from others is repayable on demand.		
<b>31.2 Loan from Related Parties - Unsecured</b>		
From Others (From Company in which Directors are Directors)	0.00	141.64
Inter-Corporate loan	100.00	-
	<b>100.00</b>	<b>141.64</b>
<b>Total</b>	<b>69421.36</b>	<b>74058.07</b>
<b>Notes:</b>		
(i) The bank overdrafts are secured by bank deposits. The bank overdraft is repayable within 90 days of borrowing and carries interest of 11% p.a.		
(ii) Loan from related parties carries interest of 8.75% to 11% p.a. and is repayable on demand/call notice.		
(iii) Inter-corporate loan carries interest of 9.05% p.a. and is repayable on demand/call notice.		
(iv) Working Capital Demand Loan facilities from banks are backed by Corporate guarantee of Sadbhav Engineering Limited (SEL) i.e. the company. The Working Capital Demand Loans are repayable within 90 days of borrowing and carry interest of 11% p.a.		
<b>32. Trade Payables</b>		
(a) To Micro, Small and Medium Enterprises *	0.00	0.00
(b) Others	55292.74	59871.68
<b>Total</b>	<b>72925.30</b>	<b>59871.68</b>
(a) Refer to Note No. 52 for Related party transactions and outstanding balances		

# Notes on Accounts forming part of Consolidated Financial Statements

## Notes:

- (i) As per intimation available with the group, there are no micro, small and medium enterprises as defined in the Micro, Small and Medium Enterprise Development Act, 2006 to whom the Group owes dues on account of principal amount together with interest and accordingly no related additional disclosure have been made. This has been relied upon by the Auditors.
- (ii) Trade payables are non-interest bearing and are normally settled on 90 days term.

	(₹ in Lakhs)	
	As at 31-03-2020	As at 31-03-2019
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	0.00	0.00
B Interest due thereon	0.00	0.00
C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	0.00	0.00
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	0.00	0.00
E Amount of interest accrued and remaining unpaid at the end of the accounting year	0.00	0.00
F Amount of further interest remaining due and payable in succeeding years	0.00	0.00
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company		

### 33. Other Financial Liabilities

(a) Current Maturities of Long term debts (refer note 27)		
<u>Secured</u>		
Non Convertible Debentures	7960.00	26600.53
Foreign Currency Term Loan	840.72	768.57
Loan from Banks	20969.20	34112.28
Loan from Financial Institutions	5896.23	6966.35
	<b>35666.15</b>	<b>68447.73</b>
(b) Current maturities of premium obligation to NHAI (refer note 28)	4969.10	3527.10
(c) Interest Accrued but not due on Loans	5798.65	7082.64
(d) Interest Accrued and due	5866.26	803.30
(e) Interest accrued and due on NHAI premium obligation / Mobilization advance	4299.60	3204.40
(f) Unclaimed Dividend	4.50	4.69
(g) Security Deposit and Retention Money	18654.45	16415.43
(h) Employee Emoluments	295.50	459.70
(i) Payable to Authorities (AUDA, NHAI)	0.00	558.30
(j) Payable towards capital expenditure	5880.10	6597.80
(k) Payable under Derivative Contract	436.98	380.35
(l) Other Financial Liability	2140.90	238.50
(m) Lease Liability IND AS	3461.82	0.00
	<b>87474.01</b>	<b>107719.94</b>

### 34. Other Current Liabilities

(a) Sundry Creditors for Capital Goods	277.61	2175.66
(b) Statutory Dues	5782.14	11066.06
(c) Advances Received from Clients	28933.07	20685.54
(d) Contract liabilities	32144.70	32535.70
(e) Miscellaneous Liabilities	20.48	11.16
(f) Group Gratuity Fund	0.00	164.38
(g) Other Payables	2781.87	8.60
(h) Due to Others	0.00	4.00
<b>Total</b>	<b>69039.87</b>	<b>66651.10</b>

Note:- There was no amount outstanding as on 31.03.2020, which is required to be transferred to Investor Education and Protection Fund (IEPF).

# Notes on Accounts forming part of Consolidated Financial Statements

	(₹ in Lakhs)	
	As at 31-03-2020	As at 31-03-2019
<b>35. Short-Term Provisions</b>		
(a) Provision for Employee Benefits (refer note 50)	397.20	376.03
(b) Provision for Wealth Tax	0.00	5.36
(c) Periodic Major Maintenance (refer Note 54)	0.00	21262.40
(d) Other Provision	199.10	683.00
<b>Total</b>	<b>596.30</b>	<b>22327.39</b>
<b>36. Current Tax Liabilities (Net)</b>		
Provision for Income Tax (Net of Advance tax & TDS)	826.20	2499.60
	<b>826.20</b>	<b>2499.60</b>
<b>37. Revenue from Operations</b>		
EPC & Other Contract Income (refer note 51 & (i) below)	239530.67	409920.17
Revenue from Toll Collection, User fees and Annuity Income	107279.90	112460.90
Other Operating Income	1894.51	1624.22
<b>Total</b>	<b>348705.08</b>	<b>524005.29</b>
<b>Note:</b>		
(i) The revenue from construction services includes cost escalation claim of INR Nil Lakhs (31 March 2019: INR 28.20 Lakhs) from Maharashtra Border Check Post Network Limited, a step down subsidiary, in line with cost escalation principal (cost escalation formula) recommended by Technical Evaluation Committee duly appointed by project steering committee of Maharashtra State Road Development Corporation ('The Project Authority'), which has also been approved by Lender's engineers of the customer.		
(ii) Other operating revenue comprises of advertisement income, advisory and project management fees.		
<b>38. Other Income</b>		
(a) Net Gain or Loss on financial assets measured at FVTPL		
Income on change in fair valuation of financial instruments	0.00	515.80
Profit on sale of Investments/ units of Mutual Funds (Net)	763.50	847.20
(b) Interest income on		
Deposits with banks	227.70	308.20
Financial asset carried at amortised cost	30374.73	18157.90
From Current Investments	265.76	245.09
From Non -Current Investments	63.15	52.07
Interest on Income tax refund & MVAT Refund	103.60	113.80
Other	1475.40	2286.00
(c) Other Income		
Profit on Sale of Assets	219.75	9.35
Sundry balance written back/Excess Provision/Misc inc	2751.30	1236.00
Unrealized Gain on Sales Of Investment	0.00	0.80
Dividend Income	729.64	1215.94
Others	211.79	132.22
(d) Miscellaneous Income	269.21	1336.27
<b>Total</b>	<b>37510.45</b>	<b>26456.64</b>
<b>39. Cost of Material Consumed</b>		
Opening Stock	14239.65	12453.03
Add Purchase	35646.61	78927.20
	<b>49886.26</b>	<b>91380.23</b>
Less Closing Stock of Material	12046.39	14239.65
<b>Total</b>	<b>37839.87</b>	<b>77140.58</b>

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>40. Changes in Inventory of finished goods, Work-in-Progress and Stock-</b>		
Opening Work-in-Progress	0.00	511.39
Less :Closing Work-in-Progress	0.00	511.39
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
<b>41. Construction, Toll Plaza &amp; Road Maintenance Expenses</b>		
Labour Expenses	101934.51	163442.64
Construction Expenses & Subcontractor Charges	6614.11	28031.13
Power & Fuel	19180.77	26076.55
Stores Consumed	1797.16	3328.84
Repairs & Maintenances-Construction Machineries	2458.84	4465.70
Transportation Expenses	6511.86	1415.18
Machinery Rent	3292.00	7538.10
Periodic Major Maintenance (refer note 54)	7535.80	9718.80
Operating and Maintenance Charges to Sub-Contractor	3334.85	8906.90
Security Expenses	1960.80	1875.00
Land & Godown Rent	537.41	707.16
Site Establishment Expenses	876.95	2155.75
Mess Expenses	909.46	1124.97
Other Expenses	2144.90	1531.90
<b>Total</b>	<b>159089.42</b>	<b>260318.62</b>
<b>42. Employee Benefits Expense</b>		
Salary & Wages (refer note 50 & 52)	16964.06	19239.60
Contribution to PF and Other Funds (refer note 50)	1088.13	1334.53
Group Gratuity Fund Expenses	314.08	133.66
Directors' Remuneration	654.00	654.00
Staff Welfare Expenses	651.54	708.23
<b>Total</b>	<b>19671.81</b>	<b>22070.02</b>
<b>43. Finance Cost</b>		
(a) Interest Expenses on Financial liabilities measured at Amortised Cost		
Long Term loans from Banks and others	96491.10	93005.80
Short Term loans from Banks and others	929.87	56.11
Senior Loan	123.90	0.00
Sub Ordinate Debt	3.50	0.00
Deferred premium obligation	3644.80	3078.70
Others	2710.10	2820.60
Prepayment Charges	314.90	0.00
Bank Charges and other finance cost	2261.20	1459.55
Amortisation of Processing Fees	689.30	1148.10
(b) Unwinding of Discount on	0.00	0.00
Provision of major maintenance	1756.80	2335.75
Premium Obligation	10850.10	11466.00
Non convertible debentures	1886.60	0.00
(c) Interest Expenses		
(i) On Borrowings	15405.82	14693.99
(ii) On Taxes	102.48	28.88
(d) Other Borrowing Costs	3912.94	2769.45
<b>Total</b>	<b>141083.41</b>	<b>132862.93</b>



# Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>44. Other Expenses</b>		
Rent Expenses	93.34	135.48
Rates & Taxes	1725.48	1994.29
Repairs & Maintenances	249.00	300.60
Insurance	1460.55	1294.18
Directors Sitting Fees	9.10	7.50
Stationary & Printing	0.00	0.10
Traveling & Conveyance Expenses, incl. Foreign Travelling Expenses	97.90	117.20
Legal & Consultation Fees & Expenses	8441.83	7721.04
Corporate Social Responsibility Expenses	20.50	441.61
Donation Expenses-Others	59.74	33.44
Cash Collection Charges	120.10	117.60
Auditors Remuneration	110.20	96.60
Communication Expenses	55.40	59.60
Loss on Sales of Assets	300.69	2.39
Project Management Fees	1.70	0.00
Miscellaneous Expenses	5137.71	4054.97
<b>Total</b>	<b>17883.24</b>	<b>16376.60</b>

## 45. Income Tax expense

The major component of income tax expenses for the year ended March 31, 2020 and March 31, 2019 are as under

### (a) Profit and Loss Section

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
<b>Current tax</b>		
Current tax charges	5985.64	12616.60
Total A	<b>5985.64</b>	<b>12616.60</b>
<b>Deferred tax</b>		
Deferred tax charge	4,771.10	(47.11)
MAT Credit (taken)	(-)	585.80
Total B	<b>4,771.10</b>	<b>538.69</b>
MAT credit utilised against tax payments due for the year	0.00	216.90
Total C	(750.30)	<b>160.10</b>
<b>Total income tax expense recognised in the Statement of Profit and Loss</b>	<b>Total D =( A+B+C)</b>	<b>10006.44</b>
		<b>13315.39</b>

## Notes on Accounts forming part of Consolidated Financial Statements

### (b) Deferred Tax

The movement in deferred tax assets and liabilities during the year ended March 31, 2020, March 31, 2019 : (₹ in Lakhs)

	Opening balance as at April 1, 2019	Deferred tax charges/(credit) recognised in P&L	DTL derecognised which was pertaining to sold entities (refer note 61)	Closing balance as at March 31, 2020
	(A)	(B)	(D)	(E=A+B-C-D)
Impact on liability component of Compound	(1,362.60)	473.20		(889.40)
Impact of fair valuation of financial instruments	(3,170.50)	(2,432.80)		(5,602.10)
Accelerated depreciation for tax purpose	23.00	(8.30)		14.70
Expenditure allowed on payment basis	(19,967.50)	1,575.20		(20,020.20)
Expenditure allowed over the period	(22,914.10)	20,379.50	(5,460.50)	9,070.30
Income tax allowable on actual receipt basis		(5,698.40)		(5,698.40)
Tax credit entitlement under MAT (refer note (d) below )	10,330.80	218.20		10,549.00
Unused tax losses available for offsetting against future taxable income	39,890.80	(20,440.20)		15,445.60
Investment in SIPL - Sub Debt	1,362.59	(149.78)		1,212.81
Provision for Gratuity	57.44	(163.14)		(105.70)
Derivative Deals- option & currency Swap	132.91	19.79		152.70
Property, Plant & Equipment	(1,945.60)	1,455.53		(490.07)
<b>Total</b>	<b>2,437.23</b>	<b>(4,771.20)</b>	<b>(5,460.50)</b>	<b>3,639.23</b>

### (c) Reconciliation of Deferred tax

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Deferred tax assets (net)	769.63	(392.67)
Deferred tax liabilities (net)	(7,679.40)	(7,500.90)
MAT	10,549.00	10,330.80
	<b>3,639.23</b>	<b>2,437.23</b>

(d) The group has following unutilised MAT credit under the Income Tax Act, 1961 for which deferred tax assets has been recognised in the Balance Sheet at:

(₹ in Lakhs)

Financial Year	Amount	Expiry Year
2012-13	1,033.08	2027-28
2013-14	121.47	2028-29
2015-16	412.03	2030-31
2016-17	4027.87	2031-32
2017-18	4736.35	2032-33
2019-20	218.20	2034-35
<b>Total</b>	<b>10,549.00</b>	

(e) Certain step down subsidiary companies has carried forward business losses aggregating ₹ 2,07,602.40 lakhs (March 31, 2019: ₹ 2,90,726.10 lakhs) under the Income Tax Act, 1961, which can be adjusted against taxable profits for limited period of eight years of the respective year from the date of origin.

(f) Deferred tax assets has not been recognised in respect of these unabsorbed losses as they may not be used to offset taxable profits elsewhere in the Group, which has arisen in step down subsidiaries that have been loss-making for some time, and there are no reasonable certainty supported by convincing evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, profit would increase by ₹ 38,166.70 Lakhs (March 31, 2019: ₹ 72,812.90 Lakhs).

(g) Certain subsidiary and step down subsidiaries companies has assessed tax benefit under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 (the ordinance) and opted option available under the ordinance. Accordingly, the group has recognised Provision of Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section.

## Notes on Accounts forming part of Consolidated Financial Statements

(h) The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax assets has not been recognised in respect of these unabsorbed losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in step-down subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, profit would increase by INR 38166.7 lakhs (March 31, 2019: INR 72812.90 lakhs).

### 46. Disclosure of Financial Instruments by Category

(₹ in Lakhs)

Particulars	Note No.	March 31, 2020				March 31, 2019			
		FVTPL	FVOCI	Amortized cost	Cost	FVTPL	FVOCI	Amortized cost	Cost
<b>Financial asset</b>									
Receivable under Service concession arrangements	11 & 21	-	-	299,528.70	-	-	258,490.00	-	-
Investments	8 & 16	72,433.00	55.54	542.35	9,896.40	55.54	542.35	0.20	-
Trade Receivables	9 & 17	-	-	161,006.54	-	-	118,464.26	-	-
Loans	10 & 20	-	-	9,549.91	-	-	1,707.00	-	-
Cash and cash equivalents	18	-	-	9,334.13	-	-	13,179.01	-	-
Other bank balances	19	-	-	11,113.98	-	-	2,578.96	-	-
Other financial assets	12 & 22	-	-	50,935.14	-	-	92,553.96	-	-
<b>Total Financial Asset</b>		<b>72,433.00</b>	<b>55.54</b>	<b>542,010.75</b>	<b>9,896.40</b>	<b>55.54</b>	<b>487,515.54</b>	<b>0.20</b>	
<b>Financial liability</b>									
Non Current Borrowing	27 & 33	-	-	598,945.11	-	-	1,036,713.31	-	-
Current Borrowing	31	-	-	69,421.36	-	-	74,058.07	-	-
Trade Payables	32	-	-	72,925.30	-	-	59,871.38	-	-
Other Financial liabilities	28 & 33	-	-	165,675.27	-	-	194,428.01	-	-
<b>Total Financial Liabilities</b>				<b>906,967.04</b>			<b>1,365,070.77</b>		

### 47. Fair value disclosures for financial assets and financial liabilities

(₹ in Lakhs)

Particular	March 31, 2020		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets at fair value through profit or loss</b>				
Investments in Mutual Fund	-	-	9,896.40	9,896.40
Investments in units of Indinfravit Trust	72,433.00	72,433.00	-	-
<b>Total Financial Assets</b>	<b>72,433.00</b>	<b>72,433.00</b>	<b>9,896.40</b>	<b>9,896.40</b>
<b>Financial liability at fair value through profit or loss</b>				
Redeemable, Non Convertible Debentures	46,660.00	47,115.30	2,77,212.60	2,77,724.90
Premium Obligation under Concession Agreement	65,861.50	63,281.90	1,15,498.40	1,26,188.00
<b>Total Financial Liabilities</b>	<b>112,521.50</b>	<b>110,397.20</b>	<b>3,92,711.00</b>	<b>4,03,912.90</b>

- The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.
- The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale
- The Group has entered into derivative financial instruments with Bank. Interest rate swaps, option contract are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques includes forward pricing and swap models, using present value calculations. The modes incorporate various inputs included currency spot rate, risk free interest rate of respective currency, currency volatility and interest rate curves. The derivative instrument fair value is arrived using mark-to-market valuation as at March 31, 2020.
- The fair value of Premium Obligation is calculated by discounting future cash flows using rates as per RBI Bank rate + 2%.
- The caring value of Group's interest-bearing borrowings are reasonable approximations of fair values as the borrowing carry floating interest rate.

# Notes on Accounts forming part of Consolidated Financial Statements

## 48. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2020 and March 31, 2019.

(₹ in Lakhs)

Particulars	Note No.	Fair value measurement using Significant observable inputs (Level 2)	
		March 31, 2020	March 31, 2019
<b>Assets measured at fair value</b>			
<b>Fair value through profit &amp; loss</b>			
Investment in Mutual Fund	16	0.00	9,896.40
Investments in units of Indinfravit Trust	16	72,433.00	0.00
<b>Fair value through OCI</b>			
Investments in Equity Instruments of other Entities	8	55.54	55.54
<b>Liabilities measured at fair value</b>			
<b>Assets for which fair values are disclosed</b>			
Redeemable, Non Convertible Debentures	27 & 33	47,115.30	2,77,724.90
Premium Obligation under Concession Agreement	28	63,281.90	1,26,188.00

The fair values of the financial assets and financial liabilities included in the level 2 category above has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

There have been no transfers between level 1 and level 2 during the years.

## 49. Working of Earning Per Share

Reconciliation of Equity Shares outstanding at the end of year:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Nominal Value of Equity Share (₹ per share)	1.00	1.00
<b>For Basic EPS:</b>		
Number of Equity Shares at the beginning of the year	1715,70,800	1715,70,800
Number of Equity Shares at year end	1715,70,800	1715,70,800
Weighted Average number of Equity Shares	1715,70,800	1715,70,800
<b>For Diluted EPS</b>		
Weighted Average number of Equity Shares as per above working	1715,70,800	1715,70,800
Weighted Average number of Dilutive Equity Shares	<b>1715,70,800</b>	<b>1715,70,800</b>

<b>Basic EPS</b>		
Net (Loss) Profit after Tax	79,282.97	2,112.82
Weighted Average number of Equity Shares	171,570,800	1715,70,800
Basic EPS (₹)	46.21	1.23
<b>Diluted EPS</b>		
Net (Loss) Profit after Tax	79,282.97	2,112.80
Weighted Average number of Diluted Equity Shares	171,570,800	1715,70,800
Diluted EPS (₹)	46.21	1.23

# Notes on Accounts forming part of Consolidated Financial Statements

## 50. Employee Benefits Note

As per Ind AS - 19 - "Employee Benefits", the disclosures of Employee Benefits is given as below:-

### 50.1 Defined Contribution Plans

Details of amount recognized as expenses during the year for the defined contribution plans.

(₹ in Lakhs)

Particulars	2019 - 2020	2018 - 2019
Contribution to Provident Funds	979.46	1,097.21
Contribution to ESIC	102.57	217.47
<b>Total ( Ref. Note No. 35 )</b>	<b>1,082.03</b>	<b>1,314.68</b>

### 50.2 Information about the characteristics of its defined benefit plans - Gratuity benefit plan.

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

(₹ in Lakhs)

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
Vesting conditions	5 years of continuous service ( Not applicable in case of death / disability )
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

### 50.3 Reconciliation of defined benefit obligations

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Defined benefit obligations as at beginning of the year	1,605.76	1,229.90
Current service cost	245.99	322.38
Interest cost	74.12	60.17
Actuarial Loss/(Gain) due to change in financial assumptions	(52.82)	17.41
Actuarial Loss/(Gain) due to change in demographic assumptions	(0.13)	-
Actuarial Loss/(Gain) due to experience	(249.72)	20.76
Past Service Cost	-	-
Benefits Paid	(370.25)	(44.86)
Defined benefit obligation of subsidiaries sold during the year (refer note 60)	(133.10)	-
Defined benefit obligation pertaining to asset held for sale (refer note 61)	(58.30)	-
<b>Defined benefit obligations as at end of the year (Refer note no 24)</b>	<b>1,061.55</b>	<b>1,605.76</b>

### 50.4 Reconciliation of Plan Asset

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Plan Asset as at beginning of the year	1,061.68	1,031.32
Expenses deducted from the fund	-	-
Interest Income	77.12	76.75
Return on plan assets excluding amounts included in interest income	30.71	(17.33)
Contributions by employer	136.47	13.00
Benefits paid	(179.34)	(42.46)
<b>Plan Asset as at end of the year (Refer note no 24)</b>	<b>1,126.64</b>	<b>1,061.28</b>

### 50.5 Reconciliation of the Effect of Asset ceiling

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Asset ceiling as at beginning of the year	-	-
Interest on opening value of asset ceiling	-	-
Loss/ (Gain) on asset due to surplus/deficit	-	-
<b>Asset ceiling as at end of the year</b>	<b>-</b>	<b>-</b>

# Notes on Accounts forming part of Consolidated Financial Statements

## 50.6 Net amount Charged to Statement of Profit and Loss for the period (₹ in Lakhs)

Particulars	2019-20	2018-19
Current service cost	226.39	299.38
Past Service cost and Loss/(gain) on curtailments and Settlement	-	-
Net Interest cost	21.60	10.52
<b>Net amount recognized</b>	<b>247.99</b>	<b>309.90</b>

### Other Comprehensive income for the period

Particulars	2019-20	2018-19
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(36.42)	23.21
Due to change in demographic assumption	(0.13)	-
Due to experience adjustments	(266.13)	14.96
Income	(34.01)	6.83
<b>Amounts recognized in Other Comprehensive Income</b>	<b>(336.69)</b>	<b>45.00</b>

## 50.7 Break up of Plan Assets (₹ in Lakhs)

Particulars	2019-20	2018-19
Insurance Policy	100%	100%

## 50.8 Actuarial Assumptions (₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	6.25% to 6.60 %	7.35 % to 7.95%
Salary Growth Rate	4% to 6%	6.00%
Withdrawal Rate	15% to 25% at younger ages reducing to 3% to 5% at older ages	15% to 25% at younger ages reducing to 3% to 5% at older ages

## 50.9 Sensitivity Analysis for Actuarial Assumption (₹ in Lakhs)

As at 31.03.2020	Change in Assumptions		Impact on Defined Benefit Obligation	
	Increase	Decrease	Increase in Assumptions	Decrease in Assumptions
	%	%	₹ in Lakhs	₹ in Lakhs
Discount Rate	0.50%	0.50%	(29.93)	31.47
Salary Growth Rate	0.50%	0.50%	30.50	(28.91)
Withdrawal rate	0.50%	0.50%	(5.13)	4.63

As at 31.03.2019	Change in Assumptions		Impact on Defined Benefit Obligation	
	Increase	Decrease	Increase in Assumptions	Decrease in Assumptions
	%	%	₹ in Lakhs	₹ in Lakhs
Discount Rate	0.50%	0.50%	(42.02)	42.72
Salary Growth Rate	0.50%	0.50%	39.63	(40.62)
Withdrawal rate	0.50%	0.50%	(7.24)	5.63

## 50.10 Limitation of method used for sensitivity analysis

Sensitivity analysis produces the results by varying a single parameter & keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

## 50.11 Details of Asset- Liability Matching Strategy

There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

## 50.12 Expected contribution to the plan for the next annual reporting period (₹ in Lakhs)

Particulars	2019-20	2018-19
Expected contribution to the plan	162.63	210.78
<b>Total</b>	<b>162.63</b>	<b>210.78</b>

# Notes on Accounts forming part of Consolidated Financial Statements

## 50.13 Maturity Profile of the Defined Benefit Obligation of Holding Company

As at March 31, 2020	₹ in Lakhs	%	As at March 31, 2019	₹ in Lakhs	%
2021	162.63	13.70%	2020	224.19	12.60%
2022	89.00	7.50%	2021	147.25	8.30%
2023	84.63	7.10%	2022	138.03	7.70%
2024	102.95	8.70%	2023	132.74	7.40%
2025	94.68	8.00%	2024	137.06	7.60%
2026-2030	363.80	30.70%	2025-2029	522.53	29.30%

## 50.14 Maturity Profile of the Defined Benefit Obligation of Subsidiary and step-down Subsidiaries

As at March 31, 2020	₹ in Lakhs	As at March 31, 2019	₹ in Lakhs
2021	28.30	2020	39.50
2022	25.40	2021	38.30
2023	26.60	2022	41.70
2024	29.00	2023	43.40
2025	24.90	2024	45.20
2026-2030	180.30	2025-2029	171.60

## 51. Revenue from contract with customers

### 51.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers: (₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
<b>Type of service rendered</b>		
Revenue from construction services	2,39,530.67	4,08,158.77
Revenue from operation and maintenances and project management services	1,07,279.90	1,14,222.30
<b>Total revenue from contracts with customers</b>	<b>3,46,810.57</b>	<b>5,22,381.07</b>
<b>Place of service rendered</b>		
India	3,46,810.57	5,22,381.07
<b>Total revenue from contracts with customers</b>	<b>3,46,810.57</b>	<b>5,22,381.07</b>
<b>Timing of revenue recognition</b>		
Services transferred over time	3,46,810.57	5,22,381.07
<b>Total revenue from contracts with customers</b>	<b>3,46,810.57</b>	<b>5,22,381.07</b>

### 51.2 Contract balances

	As at March 31, 2020	As at March 31, 2019
Contract assets	37,199.82	46,922.12
Contract liabilities	60,177.77	60,093.44

Contract assets are initially recognised for revenue earned from the construction services render to the customer. Upon completion of work, the contract assets are classified as trade receivable.

Contract liabilities for the year ended March 31, 2020 includes advance received from clients which will be adjusted on a progressive basis against the services. Further contract liabilities also included excess billing over the work completed and unearned revenue received from customers.

### 51.3 Performance obligation

Information about the company's performance obligations are summarised below:

#### a. Construction services

The performance obligation is satisfied over time as the assets is under control of customer and they simultaneously receives and consumes the benefits provided by the Company. The Company received progressive payment toward provision of construction services.

# Notes on Accounts forming part of Consolidated Financial Statements

## b. Toll and Checkpost operation services

The performance obligation is satisfied over time as each toll road-user simultaneously receives and consumes the benefits provided by the Group. Given the short time period over which the group provides road operating services to each road user (i.e. the duration of the time it takes the road user to travel the length of the toll road), the Group recognises toll revenue when it collects the tolls.

## c. Operation and maintenances and project management

There are contract with step down subsidiaries entities by sadbhav infrastructure projects limited, a subsidiary company for operation & maintenances and project management services. The performance obligation is satisfied over-time and payment is generally due on completion of services.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are, as follows:

	March 31, 2020	As at March 31, 2019
Within one year	2,49,741.40	3,80,970.20
Morethan one year	4,56,913.90	4,31,042.60

51.4 Reconciliation of the amount of revenue recorded in Standalone statement of Profit and loss is not required as there are no adjustments to the contracted price.

## 52. List of Related Parties

### (a) Related Party with whom Control Exists

#### Subsidiary

Sadbhav Infrastructure Project Limited, Mysore-Bellary Highway (P) Ltd. and Sadbhav Gadag Highway Pvt. Ltd.

#### Step-down Subsidiaries:

Nagpur-Seoni Express Way Limited, Ahmedabad Ring Road Infrastructure Limited, Aurnagabad-Jalna Tollway Limited, Rohtak Panipat Tollway Pvt. Ltd., Bijapur Hungund Tollway Pvt. Ltd, Hyderabad Yadgiri Tollway Pvt. Ltd., Maharashtra Border Check Post Network Ltd., Shreenathji Udaipur Tollway Pvt. Ltd., Bhilwara Rajsamand Tollway Pvt. Ltd., Dhule Palesner Tollway Ltd. and Rohtak-Hissar Tollway (P) Ltd., Sadbhav nainital Highway Pvt.Ltd., Sadbhav Rudrapur Highway Pvt.Ltd., Sadbhav Bhavnagar Highway Pvt. Ltd., Sadbhav Una Highway Pvt.Ltd., Sadbhav Bangalore Highway Pvt. Ltd., Sadbhav Vidarbha highway private limited, Sadbhav Udaipur highway private limited, Sadbhav Jodhpur ring road private limited, Sadbhav Tumkur highway private limited, Sadbhav Bhimasar Bhuj Highway Pvt. Ltd.,Sadbhav Vizag Port Highway Pvt.Ltd., Sadbhav Kim Express way Pvt Ltd., Sadbhav Hybrid Annuity Project Ltd.

#### Joint Ventures:

SEL-GKC JV, Sadbhav-Annapurna, Sadbhav-Vishnushiva, Sadbhav Engineering Ltd Vaishnovi Construction, Corsan Corviam Construction SA - Sadbhav and SEL-PIPL, PBA-SADBHAV

### (b) Related Party with whom transaction during the year

#### Key Management Personnel (KMP):

Shri Shashinbhai V. Patel, Shri Nitin R. Patel, Shri Vikram R. Patel, Shri Vasistha C. Patel, Shri Vipul H Patel, Shri Tushar D. Shah, Shri Atul Ruparel, Shri Arun S Patel, Shri Mirat N Bhatlwal, Shri Sandip Patel, Smt. Purvi S Parikh, Dr. Tarang M. Desai

#### Relatives of KMP:

Smt. Shantaben V. Patel

#### Entities in which KMP / relatives of KMP can exercise significant influence

Sarjan Infracon Pvt. Ltd., Veer Procon Ltd., Sadbhav Finstock Pvt.Ltd., Sadbhav Quarry Works Pvt.Ltd., Bhavna Engineering Company Pvt Ltd., Ennar Infra Solution LLP, Veer Infracon Pvt. Ltd., Saakar Infra Nirman Pvt. Ltd.



## Notes on Accounts forming part of Consolidated Financial Statements

Transactions	Joint Venture	Key Management Personnel (KMP)	Relative of KMP and Enterprises over which KMP/ Relatives of KMP having significant influence	TOTAL
<b>Transactions with Related Parties</b>				
Sub contracting Income	2,711.76	-	-	2,711.76
	(8,233.66)	-	-	(8,233.66)
Providing of services	0.60	-	-	0.60
	(0.60)	-	-	(0.60)
Sub contracting Expenditure	-	-	964.26	964.26
	-	-	(1,762.46)	(1,762.46)
Prchase of Material	-	-	318.57	318.57
	-	-	-	-
Sale of Material	-	-	19.45	19.45
	-	-	-	-
Remuneration Expenses	-	770.79	-	723.29
	-	(753.69)	-	(753.69)
Services Received	-	-	336.00	336.00
	-	-	-	-
Director Sitting Fees	-	14.70	-	14.55
	-	(9.80)	-	(9.80)
Interest Expenses	-	-	13.29	13.29
	-	-	(15.32)	(15.32)
Expenses incurred on behalf and recovered	-	-	10.58	10.58
	-	-	-	-
Unsecured Loan Received	-	-	2,313.50	2,313.50
	-	-	-	-
Unsecured Loan Repaid	-	-	2,150.00	2,150.00
	-	-	(30.23)	(30.23)
Advance Paid Against Asset Purchase	-	-	2,336.50	2,336.50
	-	-	-	-
Advance Received Back Against Asset Purchase	-	-	2,336.50	2,336.50
	-	-	-	-
Mobilization/Material/Machinery Advance Received	11.95	-	-	11.95
	-	-	-	-
Mobilization/Material/Machinery Advance Repaid	168.21	-	-	168.21
	16.82	-	-	16.82
Security Deposit/Retention Money Deducted by Clients	2,665.51	-	-	2,665.51
	(407.72)	-	-	(407.72)
Security Deposit/Retention Money Released by Clients	1,459.93	-	-	1,459.93
	(1,549.58)	-	-	(1,549.58)
Security Deposit/Retention Money Deducted from Sub-contractors	-	-	59.02	59.02
	-	-	(31.13)	(31.13)
Security Deposit/Retention Money Paid from Sub-contractors	-	-	120.37	120.37
	-	-	(308.47)	(308.47)
Dividend Paid	-	142.82	655.81	798.63
	-	(141.53)	(655.82)	(797.35)
<b>Outstanding Balance at year end</b>				
Trade receivable	2,006.05	-	-	2,006.05
	(1,772.49)	-	-	(1,772.49)
Trade Payable	-	54.65	783.44	838.09
	-	(37.50)	(190.98)	(228.48)

## Notes on Accounts forming part of Consolidated Financial Statements

Mobilization/Material/Machinery Advance Received	0.11	-	-	0.11
	(62.62)	-	-	(62.62)
Security Deposit/Retention Money Deducted by Clients	10,017.95	-	-	10,017.95
	(9,662.35)	-	-	(9,662.35)
Security Deposit/Retention Money Deducted from Sub-contractors	-	-	169.65	169.65
	-	-	(228.34)	(228.34)
Unsecured Loan Received	-	-	306.59	306.59
	-	-	(141.70)	(141.70)

- The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- Sub contracting income from Joint Venture includes 270.97 lakhs (625.86 lakhs) , INR 612.36 lakhs (1762.99 lakhs) , INR Nil (1905.49 lakhs) , INR 631.69 lakhs (INR 2447.96 lakhs) , INR 1196.74 lakhs (INR 1414.92 lakhs) , from SEL-PIPL JV, SEL-GKC JV, SEL-ANNAPURNA JV, SEL - VAISHNOVI JV and CORSAN -SEL JV respectively.
- Sub contracting expenditure of Relatives of Key Personnel and Enterprises over which Relatives of Key Managerial Persons have significant influence includes Rs. 563.23 Lakhs (Rs.655.34 lakhs), Rs. 401.03 lakhs (Rs. 629.05 lakhs), payable to Sarjan infracon pvt ltd and Veer Infracon pvt ltd, respectively. Material Purchase expenditure of Relatives of Key Personnel and Enterprises over which Relatives of Key Managerial Persons have significant influence includes Rs. 318.57 Lakhs(Rs.NIL) payable to Sakar Infra Nirman Pvt. Ltd. respectively.

### 53. Contingent Liabilities and commitments

#### A Contingent Liabilities

##### (a) Claims against the company not acknowledge as debt:

- Sarda Energy and Minerals Ltd. (Formerly known as Raipur Alloys Limited) has filed a suit for recovery of ₹ 46.42 Lakhs (March 31, 2019: ₹ 46.42 Lakhs ) against the company and its directors and officers holding them jointly and severally liable. The Company purchased steel and TMT bar from Sarda Energy and Minerals Limited, for which the latter claimed ₹ 46.42 Lakhs (March 31, 2019: ₹ 46.42 Lakhs) balance to be paid and filed Civil Suit at Civil Court, Nagpur. The company has challenged the jurisdiction of the court along with an application for stay of the Impugned Order. The Bombay High Court, Nagpur bench, through its interim order, granted a stay pending the decision of the appeal and directed the company to deposit 50% of the amount of the decree passed by the Civil Judge. The company has paid ₹ 21.020 Lakhs (March 31, 2019: ₹ 21.20 Lakhs ). The matter is pending before the high Court, Nagpur.
- Company has received order of the Commissioner of service tax on 1st April, 2013 wherein Commissioner upheld the demand of ₹ 199.13 Lakhs (March 31, 2019: ₹ 199.13 Lakhs ) and impose penalty of ₹ 345.92 Lakhs (March 31, 2019: 345.92 Lakhs ) . Company filed appeal before CESTAT and received unconditional stay order on order of Commissioner hence no provision has been made.
- Demand under Service Tax Act, 1994 ₹ 67.29 Lakh (March 31, 2019: ₹ 67.29 Lakh). The Commissioner of Service Tax, Ahmedabad, filed an appeal before Supreme Court of India against the order of CESTAT passed in favor of the Company. The matter is currently pending.
- The ACIT, Central Circle – 1(1), Ahmedabad served an assessment order to SEL in relation to adjustment of losses incurred by the undertaking of SEL against the eligible income of the undertakings while computing the deductions and other expenses for the assessment year 2005-06 ,2006-07 & 2007-08 (the "Impugned Order"). SEL preferred an appeal before the CIT (Appeals) – XIV (the "CIT Appeals") challenging the Impugned Order. The CIT Appeals, through its order, partly disallowed SEL's claim for deduction and other expenses under Section 80-IA of the IT Act and other expenses, (the "CIT(A) Order") totaling to Rs. 611.03 lakhs. Subsequently, SEL preferred an appeal before the ITAT challenging CIT (A) Order and the ACIT, Central Circle – 1(1), Ahmedabad also preferred an appeal before the ITAT against the CIT(A) Order. The ITAT, through its order, allowed deductions under Section 80-IA of the IT Act (the "ITAT Order"). The CIT filed a review petition before the ITAT. Subsequently, the CIT preferred an appeal before the Gujarat High Court against the ITAT Order. The aggregate amount of Tax Liability for All the 3 Asst. Year involved is Rs. 212.68 Lakhs . The matter is currently pending.
- The JCIT, Range 8, Ahmedabad served assessment orders to SEL in relation to the assessment years 2008-09 on account of disallowance of some expenditure and deductions under Section 80-IA of the IT Act aggregating to Rs 906.99 lakh. SEL preferred an appeal before the CIT (Appeals). The CIT Appeals, through its order, allowed the expenditure and deductions . Subsequently, the Ahmedabad & the company has preferred an appeal before the ITAT. The aggregate amount of tax involved is Rs. 308.29 Lakhs . The matter is currently pending.

## Notes on Accounts forming part of Consolidated Financial Statements

- (vi) The ACIT, Central Circle 1(1), Ahmedabad served five assessment orders to SEL along with five demand notices for an aggregate amount of ₹ 1277.00 Lakhs (March 31, 2019: 1277.00 Lakhs ) in relation to the assessment years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 on account of disallowance of some expenditure and deductions under Section 80-IA of the IT Act. SEL preferred an appeal before the CIT (Appeals). The CIT Appeals, through its order, allowed the expenditure and deductions amounting to Rs. 5746.80 Lakhs (March 31, 2019: 5746.80 Lakhs ). Subsequently, the ACIT, Central Circle 1(1), Ahmedabad & the company has preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 1953.30 Lakhs (March 31, 2019: 1953.30 lakhs). The matter is currently pending.
- (vii) The DCIT, Central Circle 1(1), Ahmedabad has reopened the case for AY 2011-12 and passed the order by disallowing the expenditure of ₹ 378.99 Lakhs (March 31, 2019: 378.99). Subsequently, SEL has preferred an appeal before the CIT, Appeals- 11, Ahmedabad against the said Orders. The CIT Appeals, through its order partly allowed the expenditure and deductions. The aggregate amount of tax involved is ₹ 244.64 Lakhs (March 31, 2019: 244.64 lakhs). The matter is currently pending.
- (viii) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 450.73 Lakhs (March 31, 2019: ₹ 450.73 Lakhs) and disallow SEL's claim for deduction for a sum of ₹ 379.47 Lakhs (March 31, 2019: ₹ 379.47 Lakhs) under Section 80IA(4) of the IT Act for assessment years 2012-13 with respect to agreements entered with Gol and state governments for construction of highways and roads. The DCIT, Central Circle 1(1), Ahmedabad further held that SEL is a contractor who executed the work and was not eligible for such deductions. SEL preferred an appeal before the CIT, Central Circle- 1(1). The CIT Appeals, through its order, allowed the expenditure and deductions amounting to ₹ 829.90 Lakhs. Subsequently, the ACIT, Central Circle 1(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 269.36 Lakhs (March 31, 2019: ₹ 269.36 Lakhs ). The matter is currently pending.
- (ix) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 377.87 Lakhs (March 31, 2019: ₹ 377.87 Lakhs ) disallow SEL's claim for deduction for a sum of Rs. 7716.78 Lakhs (March 31, 2019: ₹ 7716.78 Lakhs ) under Section 80IA(4) of the IT Act for assessment years 2013-14 . SEL has preferred an appeal before the CIT(A), Ahmedabad. The CIT Appeals, through its order, allowed the expenditure and deductions amounting. Subsequently, the DCIT, Central Circle 4(1)(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 836.74 Lakhs (March 31, 2019: ₹ 836.74 Lakhs ). The matter is currently pending.
- The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 448.85 Lakhs (March 31, 2019: ₹ 448.85 Lakhs) disallow SEL's claim for deduction for a sum of ₹ 2993.28 Lakhs (March 31, 2019: ₹ 2993.28 Lakhs ) under Section 80IA(4) of the IT Act for assessment years 2014-15 . SEL has preferred an appeal before the CIT(A), Ahmedabad. The CIT Appeals, through its order, allowed the expenditure and deductions amounting. Subsequently, the DCIT, Central Circle 4(1)(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 1048.50 Lakhs (March 31, 2019: ₹ 1048.50 Lakhs ). The matter is currently pending.
- (x) There was a search u/s 132 of income tax on the company on 06.04.2017. The company has received notice u/s 153A to file the income tax return for the FY 2011-12 to 2016-17. The company has filled the return in response to notice u/s 153A and submitted the required details during the course of hearing. The company has not received any assessment order till date of signing of this financial statement.
- The company has received notice u/s 148 for the FY 2010-11. The company has challenged the validity of notice in High court of Gujarat which was admitted. The case is pending 2018: ₹ 1048.50 Lakhs ). The matter is currently pending.
- (xi) 1. The Deputy Commercial Tax Commissioner, Audit Divison-1 Ahmedabad has passed order against "Jilin Sadbhav JV" for VAT demand of ₹ 702.00 Lakhs (March 31, 2019: ₹ 702.00 Lakhs inclusive of interest ₹ 330.18 Lakhs and Penalty of ₹ 74.36 Lakhs (March 31, 2019: ₹ 74.36 Lakhs ). In Jilin-Sadbhav JV, Sadbhav Engineering Limited is having 48% share. Against this Order the Joint Venture has filed an appeal in the Gujarat Value Added Tax Tribunal at Ahmedabad. The Tribunal, through its order, granted a stay against the recovery of outstanding demand on payment of ₹ 15 Lakhs (March 31, 2019: ₹ 15.00 Lakhs ). As the company has paid ₹ 15.00 Lakhs, no provision has been made
- (xii) The Deputy commissioner of Commercial Taxes, Jharkhand has passed an Assessment Order under Jharkhand Value Added Tax, 2005 for FY 2010-11 for demand of ₹ 77.40 lakhs (March 31, 2019: ₹ 77.40 Lakhs) and also has passed order for FY 2011-12 with demand of ₹ 152.83 lakhs (March 31, 2019: ₹ 152.83 Lakhs). The company has filled Revision Application against both the orders to the "The Commissioner, Commercial Taxes Department - Jharkhand" therefore the same has not been provided in the Books of Accounts

## Notes on Accounts forming part of Consolidated Financial Statements

- (xiii) The Company has received demand order from the Tehsildar, Savantwadi district, Maharashtra of ₹ 34,925.77 Lakhs on account of execution of "Insuli Check post" of Maharashtra Border Check Post project of the company through their back to back sub-contractor for matter relating to the period of FY 2008-09. Said subcontractor has received "No Dues Certificate" from the office of District Collector & District Magistrate, Sindhudurg on 07th July, 2017 for the said "Insuli check Post. The Company is strongly condemning the impugned Order which is devoid of having any merits and is against the order of the Honorable High Court, Mumbai. Hence said order has been challenged by the company before appropriate Appellate Tribunal and the company is confident of defending the case on merits. The Case is pending.
- (xiv) (i) A case before Workmen Compensation Commissioner, Udaipur was filed for compensation of ₹ 11.69 Lakhs (March 31, 2019: ₹ 11.69 Lakhs) under Employees Compensation Act, 1923. The matter is currently pending.  
(ii) A case before Labour Court at Ahmedabad, was filed for compensation against the company. The labour court has directed to pay compensation of ₹ 3.63 Lakhs (March 31, 2019: 3.63). the company has filled appeal before the High court of Gujarat. The matter is currently pending.  
(iii) An employee has filed case before Labour court at Balaghat for compensation of ₹ 13.20 Lakhs (March 31, 2019: ₹ 13.20 Lakhs) under Workmen Compensation Act, 1923. The matter is currently pending.
- (xv) SEL has moved to Nagpur High Court for release of penalty amount ₹ 113.45 Lakhs against the services provided at Junad Mines of WCL. The case is pending
- (xvi) Retention of 226 workers at UCIL Site. SEL have received 3 legal notices from Ministry of Labour and Employment, out of which one Notice is from deputy labour commissioner and two Notices are from Asst. labour commissioner regarding Non implementation of award by tribunal cum labour court Dhanbad. The Labour Court, dhanbad has given the order in favour of the workers. The company has filled the appeal in Jharkhand High court at Ranchi. The Matter is pending
- (xvii) The Directorate of Revenue Intelligence, Lucknow issued a show cause notice to SEL on dated 22/11/2017, seeking reasons for not demanding ₹ 187.89 Lakhs with respect to the customs duty on importing Electronic Sensor paver Finisher, which was valued at ₹ 726.77 Lakhs by SEL. The DRI contended that SEL wrongly claimed a nil rate of customs duty as per Notification No. 12/ 2012, pertaining to exemption from payment of custom duty. Company has filed an appeal before the Commissioner of Customs Customs Commisninerate-II against the above aforesaid showcause notice and Commissioner had passed order and confirmed the demand and also impose penalty of ₹ 50.00 lakhs. Company has filed appeal before Customs, Excise & Service Tax Appellate Tribunal, Chennai. The matter is pending.

### (b) Claims against the Subsidiaries & step-down subsidiaries not acknowledged as debt:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Service Tax:</b>		
Demand from authorities for recovery of CENVAT credit (refer note (i) below)	0.00	434.80
<b>VAT:</b>		
Demand from authorities for recovery of Sales tax in MBCPNL (refer note (ii) below)	0.00	247.60
<b>Income Tax:</b>		
Income tax demand pertaining to various subsidiaries (refer note (iii) below)	137.30	312.60
Claims against the Group not acknowledged as debts (refer note (iv) below)	0.00	0.00
	<b>137.30</b>	<b>995.00</b>

#### Notes:

- (i) Towards service tax demand from authorities for recovery of CENVAT credit on input service availed during the financial years 2009-10 and 2010-11. In respect of said matter, the Group had preferred appeal with Tribunal and received stay order from tribunal for recoveries of demands against deposit of INR 25.00 Lakhs. During the year, the matter has been settled by way of payment of INR 126.90 Lakhs under AMENSTY scheme (Sabka Vikas scheme) of Gujarat Government.
- (ii) "Toward demand raised by Deputy Commissioner of Sales tax, Mumbai for the year 2009-10 to 2013-14. In respect of said matter, the group had preferred appeal with Joint Commissioner of Sales tax (Appeal) and deposited INR 10.00 Lakhs under protest. During the year, Group has made application for the settlement of litigation under AMENSTY scheme of Maharashtra Government and paid the demand amount. Accordingly, the matter has been settled during the year."
- (iii) The income tax demand is pertaining to disallowance in computation of income claimed by the subsidiary under the Income tax Act, 1961. The subsidiary is contesting the demand and management believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

# Notes on Accounts forming part of Consolidated Financial Statements

## (c) Other Money for which the company is contingently liable:

- (i) The Finance Act (2), 2009 has amended Section 80IA(4) of the Income Tax Act, 1961 by substituting an explanation to Section 80IA with retrospective effect from 01.04.2000. On the basis of legal opinion and decided cases, the Company has continued to claim deduction under section 80-IA(4) of the Act on eligible projects and consequently the Company considers it appropriate not to create a liability for provision of Income Tax. However an amount of Total income tax of Rs. 21595.39 Lakhs (March 31, 2019: Rs.20320.70 Lakhs ) on claim of deduction/s 80IA for the AY 2015-16 to AY 2019-20 has been consider as contingent liability for which assessment is not completed.
- (ii) Siddharth Infraprojects Private Limited (the "Claimant") has initiated an arbitration proceeding against SEL in relation to a sub-contract agreement dated October 31, 2007 between the Claimant and SEL. Pursuant to the aforesaid sub-contract agreement, SEL sub contracted the work under the main contract between SEL and MPRDC for rehabilitation and upgradation of package 11 of Seoni Chiraidongri Road. The Claimant has alleged that SEL had committed breaches of the terms of the sub-contract agreement by unilaterally reducing its scope of work covered under the sub-contract agreement without the permission of the MPRDC. The Claimant has claimed an aggregate amount of Rs. 8160.00 Lakhs (March 31, 2019: Rs. 8160.00 Lakhs ) on account of, inter alia: (i) amount not paid for the work done; (ii) overhead losses suffered by the Claimant; (iii) losses suffered on account of profit not earned at appropriate time; (iv) loss of productivity; (v) opportunity losses; (vi) compensation for interest charges paid to the bank; (vii) loss due to under utilized tools, plants and machineries. SEL has been submitted its statement of defense before the Arbitral Tribunal. The aggregate amount involved is Rs. 8160 Lakhs (March 31, 2019: Rs. 8160.00 Lakhs ). The matter is currently pending

## (d) Guarantees:

Company has given corporate guarantee to banks for 43265.00 Lakhs (March 31, 2019: Rs. 91692 Lakhs ) against the finance facility given by the banks to subsidiary companies.

## B Capital & other Commitments

The followings are the estimated amount of contractual commitments of the company:-

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Sub Ordinate Debt/Equity Shares in Subsidiaries	10825.00	0.00
(ii) Other Commitment	1554.65	2790.49

The BOT/HAM projects of the group have been funded through various credit facility agreements with banks. Against the said facilities availed by the step down subsidiary companies from the lender, the Group has executed agreements with respective lenders whereby the Group has committed to hold minimum shareholding and pledge of its holding in the respective step down subsidiary company, details of which is as follows:

Name of subsidiary & step down Subsidiary	% of Non Disposal Undertaking		% of Shares to Pledge as at	
	Upto Commercial Operation Date	After Commercial Operation Date	March 31, 2020	March 31, 2019
Ahmedabad Ring Road Infrastructure Limited	70.00%	45.00%*	30.00%	30.00%
Maharashtra Border Check Post Network Limited	70.00%	51.00%	30.11%	30.11%
Rohtak-Hissar Tollway Private Limited	51.00%	51.00%	51.00%	51.00%
Rohtak Panipat Tollway Private Limited	51.00%	51.00%	51.00%	51.00%
Sadbhav Una Highway Private Limited	51.00%	51.00%	51.00%	51.00%
Sadbhav Bangalore Highway Private Limited	51.00%	51.00%	51.00%	51.00%
Sadbhav Bhavnagar Highway Private Limited	51.00%	51.00%	51.00%	51.00%
Sadbhav Rudrapur Highway Private Limited	51.00%	25.00%	51.00%	51.00%
Sadbhav Jodhpur Ring Road Private Limited	51.00%	21.00%	51.00%	51.00%
Sadbhav Vidarbha Highway Private Limited	51.00%	51.00%	51.00%	49.00%
Sadbhav Udaipur Highway Private Limited	51.00%	51.00%	51.00%	31.66%
Sadbhav Nainital Highway Private Limited	51.00%	25.00%	51.00%	51.00%
Sadbhav Kim Expressway Private Limited	51.00%	51.00%	51.00%	-
Sadbhav Hybrid Annuity Projects Limited	-	-	51.00%	51.00%
Sadbhav Bhimasar Bhuj Highway Private Limited	-	-	51.00%	51.00%

\* In case of ARRIL the undertaking for non disposal of shares shall be reduced to 21% on repayment of 80% of the total Loan given by lenders.

# Notes on Accounts forming part of Consolidated Financial Statements

## 54. Disclosure related to Periodic Major Maintenance provisions:

Provision for major maintenance in respect of toll roads maintained by the Group under service concession arrangements and classified as intangible assets represents contractual obligations to restore an infrastructure facility to a specified level of serviceability in respect of such asset. Estimate of the provision is measured using a number of factors, such as contractual requirements, road usage, expert opinions and expected price levels. Because actual cash flows can differ from estimates due to changes in laws, regulations, public expectations, prices and conditions, and can take place many years in future, the carrying amounts of provision is reviewed at regular intervals and adjusted to take account of such changes. Below is the movement in provision for the year:

(₹ in Lakhs)

Particulars	As at March 31, 2020
<b>Carrying amount as at April 1, 2019</b>	42,628.10
Add: Additional provision made during the year	7,535.80
Add: increase during the Year in the discounted amount due to passage of time	1,756.80
Less: Amounts used (i.e. incurred and charged against the provision) during the year	8,336.00
Less: Unused amounts reversed during the year	1,485.60
Less: Pertaining to sold Step Down Subsidiary	23,039.10
Less: Pertaining to entity held for sale (refer note 62 )	5,532.90
<b>Carrying amount as at March 31, 2019</b>	<b>13,527.00</b>
Current	-
Non-Current	13,527.30
<b>Total</b>	<b>13,527.30</b>
Year of expected cash outflow	2021-2025

## 55. Segment information

The Company is primarily engaged in the business of Engineering, Procurement and Construction (EPC) relating to infrastructure sector comprising of Roads, Bridges, Irrigation, Mining, Metro, Power etc. Information reported to and evaluated regularly by the Chief Operating Decision Maker(CODM) for the purposes of resource allocation and assessing performance focuses on the business as a whole and accordingly, in the context of operating segment as defined under Ind AS 108 "Operating Segments" there is a single reportable segment "EPC." Hence no segment reporting is made.

56. The Group has carrying value of intangible assets of INR 2,62,718.5 Lakhs in its 2 subsidiaries engaged in construction, operation and maintenance of infrastructure projects under concession agreement with National Highways Authorities of India. The net worth of these subsidiary companies has fully eroded as per their latest financial statement. Considering the gestation period required for break even for such infrastructure investments, expected higher cash flows based on future business projections, claims of INR 1,19,053 Lakhs lodged in terms of conditions of concession agreements which is backed by legal opinion on tenability of the claim, debt refinancing, internal plan of revival to meet its dues and obligations and the strategic nature of these investments, basis which the management believes that the networth of these entities would become positive in due course. Considering the same, no provision/adjustment to the carrying value of intangible assets as at March 31, 2020 is considered necessary at this stage.

57. In terms of the Concession Agreement for setting up the project for Modernization and Computerisation of integrated Border Check Post ('Project') in the state of Maharashtra on Build, Operate and Transfer basis, Maharashtra Border Check Post Network Limited ('MBCPNL'), a subsidiary entity, has been regularly representing in the Steering Committee of the project set up by Maharashtra State Road Development Corporation (MSRDC) under Concession agreement, about handover of the additional project BCP sites so as to meet Concessionaire obligations as regards implementation of project as per the Concession agreement. As at 31st March, 2020, the company has achieved provisional certificate of completion for 22 check posts out of total 24 check posts (including additional 2 check post) as per Concession agreement. The collection of user fees have been started in 18 BCP as per directive of MSRDC.

As at 31st March, 2020, the project implementation is in progress and there are costs variance in development of each BCP site. MBCPNL has been accounting cost variations, if any based on the approval of independent engineers appointed by MSRDC read with note 50 below. The management has been regularly representing to MSRDC for the time extension of completion of BCP construction in terms of Concession agreement. The management is confident that necessary approvals relating to time extension for completion of BCP construction will be received and that no additional financial obligations is envisaged to be levied on the MBCPNL under the terms of concession agreement.

## Notes on Accounts forming part of Consolidated Financial Statements

58. Maharashtra Border Check Post Network Limited ('MBCPNL') one of the 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, 2020 is INR 22,288.4 Lakhs (March 31, 2019 INR 22,288.4 Lakhs). The costs has been accounted as intangible asset / intangible assets under development. Further, such cost variation is required to be approved by Government of Maharashtra (GoM) although the Independent Engineer of the Project, Technical Evaluation Committee duly appointed by Project Steering Committee of Maharashtra State Road Development Corporation Limited ('the Project Authority') which is monitoring the project progress and the lender's independent engineer have in-principle accepted and recommended MBCPNL's cost variation claim. Based on the recommendations at the project steering committee, GoM (Grantor) will conclude in regard to cost variation claim of the MBCPNL although MBCPNL is confident that the additional costs accounted in the books will be fully accepted by the GoM.
59. There was no impairment Loss on fixed assets on the basis of review carried out by the management in accordance with Ind AS - 36 - "Impairment of Assets"

### 60. DETAILS OF LOAN GIVEN, INVESTMENT MADE AND GUARANTEE GIVEN COVERED U/s 186(4) OF THE COMPANIS ACT. 2013

Loans given and investment made are given under respective heads.

Corporate Guarantee given by the Company in respect of loans as at March 31, 2020:-

Sr. No.	Name of Company	As at March 31, 2020	As at March 31, 2019
1	Ahmedabad Ring Road Infrastructure Ltd.	1020.00	1492.00
2	Sadbhav Infrastructure Project Ltd.	39620.00	90200.00
3	Sadbhav Nainital Highwat Pvt Ltd.	2625.00	0.00
	<b>Total</b>	<b>43265.00</b>	<b>91692.00</b>

61. a. Pursuant to the definitive share purchase agreement ('the agreement') dated July 1, 2019 between Sadbhav infrastructure Project Limited (SIPL) with IndInfravit Trust, the entire equity shareholding in seven of its subsidiary companies i.e. Bijapur Hungund Tollway Private Limited, Aurangabad Jalna Tollway Limited, Hyderabad Yadgiri Tollway Private Limited, Dhule Palesner Tollway Limited, Nagpur Seoni Expressway Limited, Shreenathji Udaipur Tollway Private Limited, Bhilwara Rajsamand Tollway Private Limited and Mysore Bellary Highway Private Limited (MBHPL), a subsidiary of the Company have been transferred to Indinfravit Trust with effect from 14th February, 2020. This has resulted into profit of Rs. 1,50,101.34 lakhs which have been disclosed as exceptional item.
- b. During the previous financial year, pursuant to settlement agreement dated March 12, 2019 between the Maharashtra Airport Development Co Ltd and PBA Sadbhav Joint Venture in respect of arbitration award, the Company has received Rs. 76.44 Lakhs, which is recognised as income and is disclosed under exceptional items in these financial results.
- c. During the previous year, Nagpur Seoni Expressway Limited (NSEL), a step down subsidiary company, has received favourable arbitration award dated October 05, 2018 and has received in full, claim amounting to Rs. 6875.2 Lakhs from National Highway Authority of India, which is recognised as income and is disclosed under exceptional item in these results.
- d. During the FY 2018-19, pursuant to Settlement agreement dated October 20, 2018 between the company and minority shareholders of Bijapur Hungund Tollway Private Limited (BHPTL), the company has paid an amount of Rs. 1529.5 Lakhs which is expensed off and disclosed under exceptional item in these results.

### 62. Asset held for sale

#### (a) Description

Sadbhav Infrastructure Projects Limited, a Subsidiary company has entered into definitive share purchase agreement ('the agreement') dated July 1, 2019 with IndInfravit Trust for sale of its entire equity shareholding of one entity i.e. Ahmedabad Ring Road Infrastructure Limited (ARRIL) with effect from April 1, 2019. This sale is subject to the condition precedents mentioned in the agreement such as regulatory approvals, lender's consent, other customary approvals which is in process as at reporting date and accordingly, all assets and liabilities pertaining to this step down subsidiary company has been classified as assets held for sale in accordance with Ind AS 105 – "Non-Current Assets Held for Sale and Discontinuing Operations".

## Notes on Accounts forming part of Consolidated Financial Statements

### (b) Assets and liabilities classified as held for sale

The following assets and liabilities were classified as held for sale as on March 31:

		(₹ in Lakhs)	
		As at 31-03-2020	As at 31-03-2019
<b>Non-current assets</b>			
1	Property, plant and equipments	203.24	-
	Investment property	-	-
2	Goodwill	6,577.70	-
3	Other intangible assets	25,824.37	-
4	Financial assets	-	-
	(i) Other financial assets	10.20	-
5	Other non-current assets	19.88	-
<b>Total (A)</b>		<b>32,635.38</b>	-
<b>Current assets</b>			
1	Financial assets		
	(i) Investments	145.40	-
	(ii) Trade receivables	82.49	-
	(iii) Cash and cash equivalents	351.04	-
	(iv) Loans	-	-
	(v) Other financial assets	-	-
2	Other current assets	73.12	-
<b>Total (B)</b>		<b>652.05</b>	-
<b>Total assets classified as held for sale (A+B)</b>		<b>33,287.43</b>	-
<b>Non-current liabilities</b>			
1	Financial liabilities		
	(i) Borrowings	6,419.00	-
2	Provisions	50.11	-
3	Deferred tax liabilities (net)	512.70	-
<b>Total (A)</b>		<b>6,981.81</b>	-
<b>Current liabilities</b>			
1	Financial liabilities		
	(i) Borrowings	470.00	-
	(ii) Trade payables	-	-
	- Total outstanding dues of micro enterprises and small enterprises	-	-
	- Total outstanding dues of creditors other than micro enterprises and small	2,517.74	-
	(iii) Other financial liabilities	8261.50	-
2	Other current liabilities	49.65	-
3	Provisions	5,543.85	-
4	Current tax liabilities (net)	455.66	-
<b>Total (B)</b>		<b>17,298.49</b>	-
<b>Total liabilities classified as held for sale (A+B)</b>		<b>24,280.30</b>	-



## Notes on Accounts forming part of Consolidated Financial Statements

63. Additional information of net assets and share in profit or loss contributed by various entities as recognised under Schedule III of the Companies Act, 2013.

As on March 31, 2020

Name of the entity	Net Assets (i.e. total assets minus total liabilities)		Share in profit / (loss)		Share in Other Comprehensive income (OCI)		Share in Total comprehensive income (TCI)	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs	As % of consolidated OCI	Amount ₹ in Lakhs	As % of consolidated TCI	Amount ₹ in Lakhs
<b>Parent Company</b>								
SEL	15.87%	32,115.78	7.70%	8,515.50	99.3%	334.49	8.0%	8,849.99
<b>Subsidiary Companies</b>								
<b>Indian</b>								
SIPL	63.24%	1,27,948.41	63.34%	70,075.05	0.7%	2.20	63.2%	70,077.25
MBHPL	-	-	0.63%	693.45	-	-	0.6%	693.45
GADAG	0%	4.30	0.00%	(0.40)	-	-	0.0%	(0.40)
<b>Minority interest in all subsidiaries</b>	<b>20.89%</b>	<b>42,266.45</b>	<b>28.33%</b>	<b>31,341.00</b>	<b>-</b>	<b>-</b>	<b>28.2%</b>	<b>31,341.00</b>
<b>Total</b>	<b>100%</b>	<b>2,02,334.94</b>	<b>100%</b>	<b>1,10,624.60</b>	<b>100%</b>	<b>336.69</b>	<b>100%</b>	<b>1,10,961.29</b>

As on March 31, 2019

Name of the entity	Net Assets (i.e. total assets minus total liabilities)		Share in profit / (loss)		Share in Other Comprehensive income (OCI)		Share in Total comprehensive income (TCI)	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs	As % of consolidated OCI	Amount ₹ in Lakhs	As % of consolidated TCI	Amount ₹ in Lakhs
<b>Parent Company</b>								
SEL	18%	16,984.02	(345.50)	18,685.01	68%	(30.50)	-342%	18,654.51
<b>Subsidiary Companies</b>								
<b>Indian</b>								
SIPL	61%	59,104.91	315.93	(17085.64)	32%	(14.40)	314%	(17,100.04)
MBHPL	8%	7,406.79	139.07	513.49	0%	-	-9%	513.49
GADAG	0%	4.70	-	-	-	-	-	-
<b>Minority interest in all subsidiaries</b>	<b>14%</b>	<b>13,342.50</b>	<b>139.07</b>	<b>(7,520.94)</b>	<b>0%</b>	<b>(0.10)</b>	<b>138%</b>	<b>(7,521.04)</b>
<b>Total</b>	<b>100%</b>	<b>96,842.90</b>	<b>100%</b>	<b>(5,408.08)</b>	<b>100%</b>	<b>(45.00)</b>	<b>100%</b>	<b>(5,453.08)</b>

64. Events after the reporting period

The Board of Directors at their meeting dated October 19, 2019 have approved a scheme of merger and arrangement under Section 230 to 232 of Companies Act 2013, subject to the regulatory approvals required whereby, the Sadbhav Infrastructure Project Limited, a subsidiary will merge into the Company. The company's management is in the process of carrying out necessary procedures in this regards.

65. The COVID-19 pandemic is rapidly spreading across the world as well as in India and has caused shutdown across the country. The Group has resumed operations in a phased manner in line with the directives of the Government of India. The Group's management has made initial assessment of likely adverse impact on business, and believes that the impact may not be significant over the terms of its contracts. The group has filled / is in the process of filing of claims for appropriate relief as per the terms of concession agreement with NHAI/Local Authority and has also availed the relief provided by its lenders by way of moratorium on certain principal / interest payment. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the group, as at date of approval of these financial statements has used corroborative information. As on current date, the group has concluded that the impact of Covid-19 is not material based on the evaluations. Due to the nature of the pandemic, the group will continue to monitor developments to identify significant uncertainties in future periods, if any. The management does not see any long term risks in the Group's ability to continue as a going concern and meeting its liabilities as and when they fall due.

## Notes on Accounts forming part of Consolidated Financial Statements

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66. The group has certain operational step down subsidiaries having accumulated losses, which has resulted into erosion net-worth of those step down subsidiaries. Such operational step down subsidiaries are expected to achieve adequate profitability as per the future traffic projections by way of increase in traffic and reduction in finance costs through repayment/refinancing of loan during their respective project tenure. There have also been favourable arbitration claims received by these step down subsidiaries in the past and have further lodged claim amounting to ₹ 1,19,053.00 lakhs during the year, the tenability of which, as per concession agreement, is backed up by a legal opinion. As mentioned in the note 61 above, during the year, the Sadbhav Infrastructure Project Limited, subsidiary of the Company has completed sale of seven SPV's at a value higher than their carrying cost and also is in the process of closing sale of one more on similar terms.
67. In the opinion of the Management, trade receivables and loans and Advances have a realizable value in the ordinary course of business not less than the amount at which they are stated in the balance sheet and provision for all known liabilities and doubtful assets have been made.
68. All amounts in the financial statements are presented in Rupees Lakhs except per share data and as otherwise stated.
69. Previous year figures:  
Previous year figures have been regrouped/reclassified wherever necessary, to facilitate comparability with current year's classification.

As per our Audit Report of even date attached

**For DHIRUBHAI SHAH & CO. LLP**

Chartered Accountants

Firm Regn. No. 102511W / W100298

**Harish B. Patel**

Partner

Membership No. 014427

Place: Ahmedabad

Date : 09/07/2020

**Shashin V. Patel**

Vice Chairman-Non Executive Director

DIN : 00048328

**Vasistha C. Patel**

Chief Executive Officer(CEO)

For and on behalf of Board

**Nitin R. Patel**

Executive Director & CFO

DIN : 00466330

**Tushar D. Shah**

Company Secretary

**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statements of subsidiaries/associates companies/joint ventures

**Part "A": Subsidiaries including Step down subsidiaries**

Sr. No.	Name of the Subsidiary Company	2019-20																											TOTAL
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	
	^ Mysore-Bellary Highway Private Limited	7907.00	7907.00	5.00	1,046.00	5.00	1,076.80	218.60	100.00	100.00	400.00	3,090.30	2,264.90	2,696.60	1,165.00	5.00	5.00	5.00	5.00	5.00	5.00	197.10	10,096.00	17,34.00	6,878.00	324.70	4,800.00	3,374.30	83,126.90
	^ Mysore-Bellary Highway Private Limited	1,884.70	1,884.70	534.20	4,689.90	33,491.22	-8631.72	-4,2004.94	10,210.07	6,383.93	5,886.93	3,381.25	9,859.66	8,989.30	7,697.70	3,924.70	-14.80	664.10	-5.90	-19.50	-11,66.30	-2212.43	-12,927.78	9,347.64	-2,451.90	-4,497.69	-5,620.85	51,366.62	43,906.29
	^ Mysore-Bellary Highway Private Limited	9,292.190	3,848.70	589.10	30,106.00	1,501.25	9,673.60	17,618.00	47,559.50	36,178.30	54,732.20	26,749.25	54,257.54	44,102.10	4,105.30	19,844.00	40.30	6,288.00	30.30	15.30	5,662.70	274,38.83	87,166.59	2,881,146	10,199.80	6,667.72	20,513.01	1,337,36.44	22,284,756
	^ Mysore-Bellary Highway Private Limited	9,557.52	2,869.50	49.90	24,370.10	11,662.88	10,428.75	21,809.34	37,249.43	29,694.37	48,445.27	26,749.25	54,257.54	44,102.10	4,105.30	19,844.00	40.30	6,288.00	30.30	15.30	5,662.70	274,38.83	87,166.59	2,881,146	10,199.80	6,667.72	20,513.01	1,337,36.44	22,284,756
	^ Mysore-Bellary Highway Private Limited	7,243.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,961.14	241.82	230.20	1,018.60	1,199.84	1,890.41	649.34	80,036.14	
	^ Mysore-Bellary Highway Private Limited	2,582,76.30	7,410.60	0.00	10,510.80	2,208.20	7,150.70	8,677.10	7,310.80	6,928.30	11,278.20	9,319.60	14,178.90	2,074.30	1,620.30	1,982,9.60	652.70	3,702.90	-	-	-	6,781.70	11,149.40	4,944.70	1,888.90	7,494.50	325.50	1,1425.90	485,256.50
	^ Mysore-Bellary Highway Private Limited	-39,997.50	1,135.40	-0.40	2,375.30	1,310.20	-9,990.70	-9,985.40	1,306.90	994.10	83.50	493.00	672.70	469.90	252.60	504.50	-151.10	-2.70	-263.00	-335.40	-698.70	10,939.30	-1,865.70	37.00	-733.70	-1,457.90	432.10	-3378.20	-59,774.30
	^ Mysore-Bellary Highway Private Limited	1,50,284.60	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,50,284.60
	^ Mysore-Bellary Highway Private Limited	7,948.70	198.30	0.00	430.10	0.00	0.00	0.00	0.40	374.50	-27.60	15.00	265.10	190.80	98.10	129.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	86,766.60
	^ Mysore-Bellary Highway Private Limited	10,293.84	937.10	-0.40	1,957.40	-1,324.30	-9,990.40	-9,985.30	1,306.50	619.60	1,111.10	478.00	407.60	279.10	154.50	375.60	-151.10	-2.70	-263.00	-335.40	-698.70	10,939.30	-1,865.70	37.00	-733.70	-1,457.90	432.10	-3,378.20	82,258.20
	^ Mysore-Bellary Highway Private Limited	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	% of Shareholding**	69.50%	74.00%	100.00%	100.00%	97.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

\* Subsidiary of SADBHAV Infrastructure Project Limited which is a step-down subsidiary of the SADBHAV Engineering Limited

\*\* % of Shareholding Representing aggregate of shares held by the company and/or its subsidiaries.

^ Pursuant to Share Purchase Agreement dated 1st July, 2019, SADBHAV Infrastructure Project Limited (SIPL) has transferred its 100% stake in 8 SPVs to the IndInfra Trust during the financial year.

Figures in minus show negative figures.

**Notes:-**

1. Name of Stepdown Subsidiaries which are yet to commence operations

i. SADBHAV TUMKUR HIGHWAY PRIVATE LIMITED

ii. SADBHAV BHIMASAR BHUJ HIGHWAY PRIVATE LIMITED

iii. SADBHAV VIZAG PORT ROAD PRIVATE LIMITED

2. Name of Stepdown Subsidiaries which have been liquidated or sold during the year:

1. Mysore-Bellary Highway Private Limited (Up to 18/03/2020)

2. Aurangabad-Jalna Tollway Limited (Up to 06/03/2020)

3. Bijapur-Hungund Tollway Private Limited (Up to 13/02/2020)

4. Bhiwara-Rajsamand Tollway Private Limited (Up to 14/02/2020)

5. Dhule-Palesner Tollway Limited (Up to 14/02/2020)

6. Hyderabad-Vadgiri Tollway Private Limited (Up to 13/02/2020)

7. Nagpur-Seoni Expressway Limited (Up to 13/02/2020)

8. Shreethanjali-Udaipur Tollway Private Limited (Up to 14/02/2020)

For and on behalf of Board of Directors

**Shashin V. Patel**

Vice Chairman-Non Executive Director

DIN : 00048328

**Nitin R. Patel**

Executive Director & Chief Financial Officer

DIN : 00466330

**Vasistha C. Patel**

Chief Executive Officer

Date: 09-07-2020

Place: Ahmedabad

**Tushar D. Shah**

Company Secretary

## Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associates Companies and Joint Ventures

### Part 'B': Associates and Joint Ventures

Sr. No.	Name of Associates/Joint Ventures	₹ in Lakhs													
		SEL-GKC JV Radhanpur - Manipura Project	SEL-GKC JV Vishakhapatnam Project	SEL-GKC JV Omkareshwar Project-1	SEL-GKC JV Karminagar Project	SEL-GKC JV Omkareshwar Project-2	SEL-GKC JV Managuru Project	SEL-GKC JV BSHP-II Project	SEL-GKC JV Govindpur Project	SEL-Annapurna JV Basantimata Project	SEL-Vishnushiva Maheshpur Project	SEL-Vishnushiva Jalpa / Kapurdi - Halon Project	Corsan Conlram Const S.A.-SEL JV DMRC-CC43 Project	Corsan Conlram Const S.A.-SEL JV DMRC-CC47 Project	SEL-PIPL JV
1	Latest audited Balance Sheet Date	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20
2	Shares of Associates/Joint Ventures held by the company on the year end														
	No.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Amount of Investment in Associates/Joint Ventures (₹ in Lakhs)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Extend of Holding %	52.00	50.00	60.00	52.00	40.00	51.00	50.00	50.00	80.00	75.00	98.00	72.00	40.00	51.00
3	Description of how there is significant influence	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement
4	Reason why the associate/joint venture is not consolidated	*Note	*Note	*Note	*Note	*Note	*Note	*Note	*Note	*Note	*Note	*Note	*Note	*Note	*Note
5	Networth attributable to Shareholding as per latest audited Balance Sheet	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
6	Profit / (Loss) for the year (₹ in Lakhs)														
i.	Considered in Consolidated (₹ in Lakhs)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii.	Not Considered in Consolidated (₹ in Lakhs)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

**\*\*Note :** Accounted as per Jointly Control Operation method. Assets, Liabilities, Income & Expenses are recognised in the respective Joint Venture partners' books of accounts.

#### Notes:-

- Names of associates or joint ventures which are yet to commence operations : None
- Names of associates or joint ventures which have been liquidated or sold during the year : None

#### For and on behalf of Board of Directors

**Shashin V. Patel**  
Vice Chairman-Non Executive Director  
DIN : 00048328

**Nitin R. Patel**  
Executive Director & Chief Financial Officer  
DIN : 00466330

**Vasistha C. Patel**  
Chief Executive Officer

Date: 09-07-2020  
Place: Ahmedabad

**Tushar D. Shah**  
Company Secretary



**Disclaimer**

This Annual Report contains forward-looking information to enable investors to comprehend company's prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We can not guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties, and even less than accurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



**SADBHAV ENGINEERING LIMITED**  
**CIN : L45400GJ1988PLC011322**

Registered Office: "Sadbhav House",  
Opp. Law Garden Police Chowki, Ellisbridge,  
Ahmedabad - 380006, Gujarat, India.  
Ph.: +91-79-2646 3384, 2640 5687  
F: +91-79-2640 0210  
E-mail: [selinfo@sadbhav.co.in](mailto:selinfo@sadbhav.co.in)  
[www.sadbhaveng.com](http://www.sadbhaveng.com)

An ISO 9001:2015 Organization