

**Ref: SEL/2023-24/000104**

**September 08, 2023**

To,

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

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

**Equity Scrip Code:532710**

**Equity Scrip Name: SADBHAV**

**Subject: Notice of 34<sup>th</sup> Annual General Meeting (“AGM”) and Annual Report for  
Financial year 2022-2023 of Sadbhav Engineering Limited**

Dear Sir/Madam,

This is to inform that the 34<sup>th</sup> Annual General Meeting (“AGM”) of the Company will be held on Saturday, 30<sup>th</sup> September, 2023 at 03:30 p.m. through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) in accordance with the applicable circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

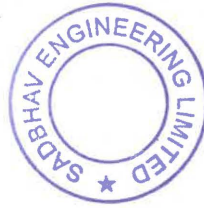
Pursuant to Regulation 30 and 34(1) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2022-23 which is being sent through electronic mode to the Members.

The Annual Report containing the Notice of AGM is also uploaded on the Company’s website and can be accessed at [www.sadbhaveng.com](http://www.sadbhaveng.com).

This is for your information and records.

Thanking You,  
Yours truly,  
**For, Sadbhav Engineering Limited**

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



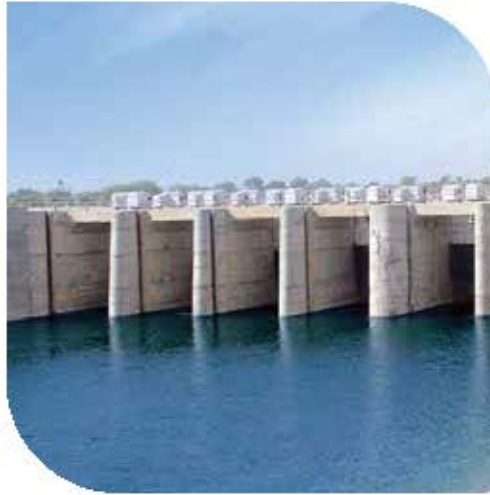
**Encl: As above**

**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

Transforming  
Tomorrow



# 34<sup>th</sup> Annual Report 2022-23

Sadbhav Engineering Ltd



Transport



Mining



Irrigation

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Transforming Tomorrow

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**Late Shri Vishnubhai M. Patel**

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

Higher the goal,  
greater the opportunity to rise.

Farther the destination,  
more milestones you surpass.

Taller you build your castles,  
more grounded you need to be.

More the changes you embrace,  
better the opportunity to transform tomorrow.





# Transforming Tomorrow

Transformation is the progressive change that creates a positive impact on future. At Sadbhav, we are taking all the challenges we face today in our stride and incessantly work to transforming tomorrow with unwavering optimism and the vigour. For Companies like us, larger the projects we undertake, more financial and human resources we have to invest in" in place of "investments and the resources we have to invest in and larger the risks we carry. Due to project bidding, planning & execution timelines spread over more than one financial year, even a single adverse macroeconomic event or a challenge can also impact our financial performance of succeeding years.

At Sadbhav Engineering Limited, we are aiming at transformation in our economic and social performance as well as the lives we touch directly or indirectly. We are equally sensitive towards our responsibilities as a responsible corporate citizen for the climate change risk and prosperity as well as well-being of our key stakeholders. Our aim is to elevate ourselves so that we can make significant contributions to society we live in.

In order to improve India's global competitiveness, creating new and upgrading existing infrastructure will be critical along with introducing a slew of reforms. Indian economic growth is expected to give boost to capacity utilisation and will result in improvement in investment cycle. Thrust given by the government of India to build National Infrastructure Pipeline will ramp the virtuous cycle of Investment and job creation. The union budget 2023-24 took lead again by steeply increasing the capital expenditure outlay by 37.4 % in FY'23-24 to whopping Rs.10 lakh crore over Rs. 7.28 lakh crore in FY'22-23. Steady growth in infrastructure Investments by Government of India over last 2 years is expected to have a large multiplier impact on growth and employment in the country.

## Building Robust Supply Chain Logistics Arteries

Building Robust Supply chain logistics arteries is integral to the economic development of the nation. It adds efficacy in the economic supply chains of trade and industry as goods and services move seamlessly and rapidly through the supply chain, companies can enhance their response times and reduce lead times, thus enabling them to meet customer demand more effectively.

The global economy is showing signs of improvement but the upturn remains weak, amid significant downside risks. Global GDP growth in 2023 is projected to be 2.7%, the lowest annual rate since the global financial crisis, with the exception of the 2020 pandemic period. A modest improvement to 2.9% is foreseen for 2024.

India has witnessed a quantum leap in policy commitment and outlay for infrastructure in the last few years. National Infrastructure Pipeline was launched in 2019 with 6,835 infrastructure projects with a projected infrastructure investment of ₹111 lakh crore. This has expanded to over 9,000 projects across 35 sub-sectors and covers economic and social infrastructure projects jointly funded by the Central Government, State Governments, and the private sector. With its strong forward and backward linkages, physical infrastructure will enhance the economy's productivity in the medium term.

The government is developing enabling infrastructure for making India a cost-effective production hub. The National Logistics Policy (2022) has been launched to create an overarching logistics ecosystem for lowering the cost of logistics and bringing it to par with other developed countries. This will make Indian products more competitive against their counterparts and contribute to the country's growth journey.

Sadbhav Engineering Limited has built roads and highways over 9,621 lane kms till date. Sadbhav being strong in its fundamentals and driven by the values enshrined in its foundation is poised to leverage the opportunities arising and contribute in the country's economic prowess.

## Supporting the Green Revolution

Irrigation networks supply water - the lifeblood for the agriculture sector of India. Government of India is putting increasing thrust on the agriculture sector for the self-reliance of agricultural produce. The Accelerated Irrigation Benefit Programme and National/Special Projects have been allocated Rs.3122.23 Crores during FY'23-24 as against revised estimate of Rs.1800 Crores for FY'22-23 budget and Rs.2178.96 Crores in FY'21-22 Budget. Special Package for Irrigation Projects to address agrarian distress in district of Vidarbha and Marathawada and other chronically drought prone areas of rest of Maharashtra have been allocated Rs.400 Crores against Rs.240 Crores as per the revised 22-23 estimates.

Department of Water Resources, River Development & Ganga Rejuvenation spent Rs.6245 Crores for Polavaram Irrigation Project and Rs.14670.80 Crores for Pradhan Mantri Krishi Sinchai Yojana (Accelerated Irrigation Benefits Programme & other Projects) from 2016-18 to 21-22.

Over the last decade, the World Bank has supported the government's efforts to bring clean drinking water to rural communities. A range of projects with a total financing of \$1.2 billion have benefitted over 20 million people.

At Sadbhav, we support the UNSDG Goals for the access of drinking water and execute the projects entrusted upon us by the government of India. Sadbhav has completed canal works over 819 kms till date.

## Exploring Minerals Vital for the Economic Growth

Most of the products we receive or consume include minerals used directly or the indirectly. Metaphorically, minerals for the economy has the same importance as the nutrient for the human body.

As of FY22, the number of reporting mines in India were estimated at 1,245, of which reporting mines for metallic minerals were estimated at 525 and non-metallic minerals at 720. Being the third largest energy consuming country in the world, there is always increased demand for power and electricity in the country, and hence the surge in demand for coal.

Demand for steel is likely to grow by ~10% as the government's augmented focus on infrastructural development continues with increased construction of roads, railways, airports, etc. Under PLI Scheme for Specialty Steel, applications from companies selected will attract committed investment of Rs. 42,500 Crore (US\$ 5.1 billion) with a downstream capacity addition of 26 million tonne and employment generation potential of 70,000 jobs. Sadbhav has mined over 574 mn cubic mt till date.

At Sadbhav, we are optimistic about ushering in an era full of high performance through higher perseverance.



# Corporate Information

## Board of Directors



**Shri Shashin V. Patel**  
Chairman and  
Managing Director



**Shri Dwigesh B. Joshi**  
(w.e.f. 15.03.2023)  
Executive Director & CFO



**Shri Jatin J. Thakkar**  
(w.e.f. 15.03.2023)  
Director



**Shri Sandip V. Patel**  
Independent Director



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



**Smt. Anjali N. Choksi**  
Independent Director

**Shri Nitin R. Patel**  
(upto 21.11.2022)  
Executive Director & CFO

**Shri Vasistha C. Patel**  
(upto 21.11.2022)  
Chief Executive Officer (CEO)

**Shri Arun S. Patel**  
(upto 25.09.2022)  
Independent Director

## Group CEO



**Shri Rohit I. Modi**  
(w.e.f. 14.02.2023)

## COMPANY SECRETARY

**Shri Hardik Modi**

## BOARD COMMITTEES

### Audit Committee

**Shri Sandip V. Patel**

Chairman

**Shri Nitin R. Patel**

Member (upto 21.11.2022)

**Shri Arun S. Patel**

Member (upto 25.09.2022)

**Mrs. Anjali Choksi**

Member (w.e.f. 27.09.2022)

**Shri Shashin V. Patel**

Member (w.e.f. 21.11.2022)

**Dr. Tarang M. Desai**

Member (w.e.f.27.05.2023)

### Nomination and Remuneration Committee

**Shri Arun S. Patel**

Chairman (upto 25.09.2022)

**Mrs. Anjali Choksi**

Chairman (w.e.f. 25.09.2022)

**Shri Sandip V. Patel**

Member

**Dr. Tarang M. Desai**

Member

### Stakeholders Relationship Committee

**Shri Arun S. Patel**

Chairman (upto 25.09.2022)

**Shri Sandip V. Patel**

Chairman (w.e.f. 25.09.2022)

**Shri Nitin R. Patel**

Member (upto 21.11.2022)

**Dr. Tarang M. Desai**

Member

**Shri Shashin V. Patel**

Member (w.e.f. 21.11.2022)

## Finance and Investment Committee

**Shri Shashin V. Patel**

Chairman

**Shri Nitin R. Patel**

Member (upto 21.11.2022)

**Shri Sandip V. Patel**

Member

**Mrs. Anjali Choksi**

Member (w.e.f. 21.11.2022)

## Corporate Social Responsibility Committee

**Shri Shashin V. Patel**

Chairman

**Shri Nitin R. Patel**

Member (upto 21.11.2022)

**Shri Arun S. Patel**

Member (upto 25.09.2022)

**Mrs. Anjali Choksi**

Member (w.e.f. 27.09.2022)

**Shri Sandip V. Patel**

Member (upto 21.11.2022)

## Risk Management Committee

**Shri Shashin V. Patel**

Chairman

**Shri Nitin R. Patel**

Member (upto 21.11.2022)

**Shri Sandip V. Patel**

Member

**Mrs. Anjali Choksi**

Member (w.e.f. 21.11.2022)

## BANKERS

Punjab National Bank

Union Bank of India

Bank of India

State Bank of India

Karur Vysya Bank

IDBI Bank

ICICI Bank

Standard Chartered Bank

Axis Bank

Yes Bank

## STATUTORY AUDITORS

M/s. Manubhai & Shah LLP

## WORKSHOP

Village Ognaj, Tal. Daskroi,

Dist. Ahmedabad.

## REGISTERED OFFICE

Sadbhav House,

Opp. Law Garden Police Chowki

Ellisbridge, Ahmedabad - 380 006.

Website : [www.sadbhaveng.com](http://www.sadbhaveng.com)

## CORPORATE OFFICE

1st Floor, "Sadbhav",

Nr. Havmor Restaurant,

B/H. Navrangpura Bus Stand,

Navrangpura,

Ahmedabad - 380 009.

## REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.

C-101, 1st floor, 247 Park,

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

Vikhroli, Mumbai - 400 083



# Message from Chairman & Managing Director



## Dear Shareholders,

Transformation is a journey in our pursuit to attain new milestones of accomplishments, it is not the destination of success. The more we accomplish with time, the more we transform ourselves and evolve. The more we embrace countless possibilities to create a better future, the more we become resolute in our determination to conquer our sustainability goals.

At Sadbhav Engineering Limited, this continued pursuit to transform tomorrow is the metaphorical manifestation of our corporate philosophy "Today for Tomorrow". Challenges come and go, but the tough gets going. The bigger the projects we undertake, the bigger the challenges we face. The bigger the challenges we face, the stronger we emerge conquering them.

Your Company is a key player in the infrastructure sector in the country with operations across 12 states. Your Company has always seen itself as a partner in the progressive vision envisaged by the Government of India. Sadbhav Engineering Ltd.

supports the "Make in India" vision and strives to develop world-class infrastructure to boost the country's economic prospects. All the projects that your Company undertakes are being prudently chosen and executed by identifying and mitigating the possible risk factors.

Infrastructure is a major sector that propels the overall development of the Indian economy. The infrastructure sector in India is poised to grow at a CAGR of 8.2% by 2027. The launch of a quadrilateral economic forum by India, the US, Israel & the UAE in November 2021 has further added to the influx of infrastructure growth perspectives. Alternatively, the introduction to the "Infrastructure for Resilient Island States" program in November 2021 has shown a significant opportunity to improve the lives of vulnerable nations across the globe by enabling Indian infrastructure growth to flourish in tri-folds. The roadmap to India's infrastructure is exciting and the new decade seems to be promising. More and more green and clean initiatives are happening across the country, and the Indian government has given much-needed impetus to the infrastructure sector. Every rupee spent on the infrastructure sector not only has multiplier effect on GDP but also helps to generate more employment, supports the growth of allied industries, and achieves the social goals of providing efficient access to essential services and amenities to all citizens.

India is expected to be one of the largest economies in the world by 2047 with a GDP of about \$35-40 trillion as against estimated \$3.5 trillion in 2022 as per CII estimates. In addition, the country's industrial output has significantly increased, which has supplemented the pace of urbanization which is expected to accelerate by 2047. Sadbhav Engineering being the forerunner in the construction industry is poised to tap the opportunities emerging to build robust infrastructure to support this growth.



During the reporting period, your Company has reported a turnover of Rs.889.17 Crores with total income of 1054.16 Crores. Your Company has constructed over 9621 lane kms as of March 31, 2023. The Company has completed a total of 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 as on March 31, 2023. The irrigation division of your Company has completed canal work over 819 km and the mining division has mined over 574 MN cubic meters as of March 31, 2023. Your Company's gross block of fixed assets stands at Rs. 522.83 crores as of March 31, 2023.

The Company has initiated action for monetization of the assets and One Time Settlement (OTS) discussions with the Trade Creditors as a part of the deal, upon the insistence of the buyers of assets. Your Company is committed to safeguarding the interests of all its stakeholders and it continuously engages with them to understand the issues material to our business. The prioritisation of these material issues gives us a clear strategic direction to formulate long-term and short-term development goals and actions. Our continued engagement enables us for knowledge exchange & collective action, networking & advocacy and people-centred policy development & implementation.

Furthermore, your Company is successful in formulating a transformation strategy and surpassing the challenges it faced in recent years as the consequences of business continuity impacts due to the pandemic phase. Your Company has optimised its resource utilisation and enhanced its operational efficiency to minimise the cost impacts on profitability. We are prudently bidding and choosing the projects that are financially viable so that we can optimise the stakeholders' value and vindicate the trust put by them in us. For any Company to become big, investing the financial capital is not merely sufficient. A lot of hard work and sweat, dedication, vision, and enthusiasm are the

intangible investments that are also required to make the financial investments yield positive returns. We, at SADBHAV never leave any stone unturned and put our best foot forward in making your Company successful.

Your Company believes that the employees are the key partners in all its endeavours and the innovative pursuits to materialise its long-term vision and goals. Your Company has adopted the state-of-the-art technologies like SAP S4-HANA to manage the resources across the country in real time. Your Company provides the conducive environment and career growth opportunities to attract and retain the best talent. The training and development program has been carefully designed to give impetus to the right talent to chart their career growth path within the organisation. At SADBHAV, employees are motivated to collaborate with their counterparts from other parts of our operations to foster the culture of excellence through innovation and knowledge sharing.

By creating a synergy between the value partners and the communities in which the company operates, your Company is able to identify and provide solutions that create long-term stakeholder value through sustainable infrastructure that benefits the nation. I take this opportunity on behalf of the management of SADBHAV Engineering Limited to thank all the stakeholders, including the shareholders, clients, contractors, suppliers, community members, employees, and government authorities for their support.

As a concluding remark, once again I would like to reiterate our commitment to transforming tomorrow for all our stakeholders through all our endeavours.

Regards,

**Shashin V. Patel**  
Chairman & Managing Director



# Financial Highlights

Turnover (₹ in crores)		Profit (Loss) After Tax (₹ in crores)		Net Worth (₹ in crores)	
2022-23	₹ 889.17	2022-23	₹ (346.48)	2022-23	₹ 1082.32
2021-22	₹ 1226.24	2021-22	₹ (716.32)	2021-22	₹ 1428.53
2020-21	₹ 1623.62	2020-21	₹ 41.04	2020-21	₹ 2145.37
2019-20	₹ 2251.66	2019-20	₹ 85.16	2019-20	₹ 2103.98
2018-19	₹ 3549.23	2018-19	₹ 186.85	2018-19	₹ 2033.67

(Rs. in crores)

Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
Turnover	889.17	1226.24	1623.62	2,251.66	3,549.23
Total Income	1054.16	1322.58	1717.11	2,367.51	3,584.90
<b>Earning Before Depreciation, Interest and Tax (EBDIT)</b>	-109.57	-438.99	304.85	395.31	427.91
<b>Exceptional Items</b>	-24.91	-13.65	-19.59	17.01	0.76
<b>Depreciation</b>	44.47	69.20	94.21	108.45	95.76
Interest	164.92	187.88	189.51	194.12	174.92
<b>Profit After Tax</b>	-346.48	-716.32	41.04	85.16	186.85
Equity Dividend %	0%	0%	0%	0%	100%
Dividend Payout	0.00	0.00	0.00	0.00	19.66
Equity Share Capital	17.16	17.16	17.16	17.16	17.16
<b>Warrant Application Money</b>	0.00	0.00	0.00	0.00	0.00
<b>Stock Option Premium Outstanding</b>	0.00	0.00	0.00	0.00	0.00
Reserve & Surplus	1065.16	1411.37	2128.22	2086.83	2,016.51
Net Worth	1082.32	1428.53	2145.37	2103.98	2,033.67
Gross Fixed Assets	522.83	562.54	651.93	725.13	800.99
Net Fixed Assets	132.43	195.18	283.43	401.41	497.17
Total Assets	3358.36	3817.85	4580.9	4635.83	4,597.72
Total Debt (Loan Fund)	1144.58	1143.94	1318.36	1254.31	1,612.70
Earning Per Share (In Rs.)	-20.19	-41.75	2.39	4.96	10.89
Book Value Per Share (In Rs.)	63.08	83.26	125.04	122.63	118.53
Weighted No. of Shares	171570800	171570800	171570800	171570800	171570800

**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



## Notice

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the shareholders of Sadbhav Engineering Limited ('the Company') will be held on Saturday, September 30, 2023 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, 2023, 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, 2023 and the report of Auditors thereon.
- To appoint a Director in place of Mr. Dwigesh Joshi (DIN: 09733282) who retires by rotation and being eligible, offers himself for reappointment.

### SPECIAL BUSINESS:

#### 3. 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 2023-24, amounting to Rs.75,000 /- (Rupees Seventy Five Thousand Only) per annum plus GST applicable and re-imbursment of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

#### Registered Office:

"Sadbhav House", Opp. Law Garden Police Chowki,  
Ellisbridge, Ahmedabad - 380006  
CIN : L45400GJ1988PLC011322

Place : Ahmedabad  
Date : August 14, 2023

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

**Shashin V. Patel**  
Chairman & Managing Director  
DIN: 00048328

### NOTES:

- Pursuant to the General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 8, 2021, 3/2022 dated May 5, 2022 and 10/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs ("MCA") (hereinafter collectively referred to as ("MCA Circulars")), and Securities and Exchange Board of India ("SEBI") vide its Master circular no. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023, have permitted companies to conduct AGM through VC or other audiovisual means, subject to compliance of various conditions mentioned therein. In compliance with the aforesaid MCA Circulars and SEBI Circulars and the applicable provisions of Companies Act, 2013 and rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 34th AGM of the Company is being convened and conducted through VC/OAVM.
- 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.
- The relevant details, pursuant to Regulations 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.
- 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.
- 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 34th 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 34th AGM along with the Annual Report 2022-23 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 2022-23 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.evotingindia.com](http://www.evotingindia.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)
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 Sunday, September 24, 2023 to Saturday, September 30, 2023 (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, 2016 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
31-03-2016	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

15. 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.
16. 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.
17. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized 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 dematerialized form. Members can contact the Company or Company's R & T Agent for assistance in this regard.
18. 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, May 05, 2020, January 13, 2021 and May 05, 2022, 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.
19. The Members can join the AGM in the VC/OAVM mode 30 minutes before 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.
20. The attendance of the Members attending the AGM through VC/OAVM will be counted for ascertaining the quorum under Section 103 of the Companies Act, 2013.
21. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020 and Circular no. 02/2021 dated January 13, 2021, 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. In terms of SEBI circular ndated December 9, 2020 on e-Voting facility provided by Listed Companies, Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the E voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/NSDL/KARVY/LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.</li> </ol>
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.



Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

i. Login method of e-Voting for shareholders other than individual shareholders & physical shareholders

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) 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
- 6) of any company, then your existing password is to be used.
- 7) If you are a first-time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form	
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 <b>OR</b> Date of Birth (DOB)	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. <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>

- ii. After entering these details appropriately, click on "SUBMIT" tab.
- iii. 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.
- iv. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- v. Click on EVSN (230905006) for SADBHAV ENGINEERING LIMITED on which you choose to vote.
- vi. 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.
- vii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- viii. 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.
- ix. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- x. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xi. 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.
- xii. Facility for Non – Individual Shareholders and Custodians –Remote Voting
  - 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.

**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 update your email id & mobile no. with your respective Depository Participant (DP) For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

**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.
5. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
6. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
7. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
8. 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.
9. 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 (company email id). These queries will be replied to by the company suitably by email.
10. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**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 ave 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 contact at toll free no.1800 22 55 33 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, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, 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 toll free no. 1800 22 55 33.



**Other Instructions:**

The remote e-voting period commences on Wednesday, September 27, 2023 @9.00 a.m. and ends on Friday, September 29, 2023 @ 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. Saturday, September 23, 2023, 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.

The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Saturday, September 23, 2023.

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.

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 two working days of the passing of the resolutions at the 34th AGM of the Company to be held on Saturday, September 30, 2023 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/Reappointment  
(Pursuant to Regulation 36(3) of the SEBI (LODR) Regulations, 2015 and in terms of the Secretarial  
Standard-2 on General Meetings issued by the Institute of Company Secretaries of India requires certain additional disclosures  
with respect to Directors seeking appointment/re-appointment at the ensuing General Meeting which is mentioned below)**

<b>Name of Director</b>	Mr. Dwigesh Joshi
<b>DIN</b>	09733282
<b>Date of Birth</b>	02-10-1982
<b>Age</b>	40 years
<b>Date of Appointment</b>	15-03-2023
<b>Terms and conditions of Appointment</b>	For the period of 3 years w.e.f. March 15, 2023 to March 14, 2026 (He shall be liable to retire by rotation)
<b>Disclosure of relationship between Directors inter-se</b>	Not Applicable
<b>Disclosure of relationship of Directors with Manager and KMP of the Company</b>	Not Applicable
<b>Functional Expertise &amp; Experience</b>	Experience in managing gamut of Corporate Finance, Managing Banking relationships, Debt Capital market, Credit Rating, Project Finance, Costing and Accounting, Supply Chain, Treasury management areas and Proficient in management of Working Capital, Structuring of the Treasury transactions.
<b>Education Qualification(s)</b>	MBA
<b>Board Position Held</b>	Executive Director
<b>Remuneration Last Drawn (if any)</b>	NIL
<b>No. of Board Meeting Attended during the year</b>	01
<b>Names of listed entities in which person holds Directorship and the membership of the committees of the Board</b>	NIL
<b>Chairman / Directorship in other Companies</b>	NIL
<b>Chairman/Member of Committee in other Companies</b>	NIL
<b>No. of Equity Shares held in the Company</b>	NIL
<b>Names of companies along with listed entities in which person has resigned in the past three years.</b>	NIL
<b>Skills and capabilities required for the role and the manner in which the proposed person meets such requirements</b>	Experience in managing Corporate Finance, Credit Rating, Project Finance and Proficient in management of Working Capital, Structuring of the Treasury transactions.
<b>Justification for appointment of Independent Director</b>	N.A.

**Note:**

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

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

### Item No. 3

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.10116), to conduct the audit of the cost records of the Company for the financial year ended on March 31, 2024.

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 2023-24 as set out in the resolution for the aforesaid services to be rendered by them.

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

#### **Registered Office:**

“Sadbhav House”, Opp. Law Garden Police Chowki,  
Ellisbridge, Ahmedabad - 380006  
CIN : L45400GJ1988PLC011322

Place : Ahmedabad  
Date : August 14, 2023

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

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

# Directors' Report

To,  
The Members,

The Directors have the pleasure in presenting the Thirty Fourth Annual Report together with the audited financial statement for the financial year ended on March 31, 2023.

## Financial Results

The Company's financial performance for the Year ended on March 31, 2023 is summarized below

(Rs. in Crores)

Particulars	Standalone		Consolidated	
	Current Year 2022-2023	Previous Year 2021-2022	Current Year 2022-2023	Previous Year 2021-2022
Total Income	1054.16	1322.58	2176.49	2827.74
Profit (Loss) before Finance Cost, Depreciation & amortization Expense and Tax Expense	(109.57)	(438.99)	447.52	572.53
Less : Finance Cost	164.92	187.88	661.06	975.43
Depreciation and amortization Expense	44.47	69.20	130.97	166.87
Profit /(Loss) before Exceptional Item and Tax	(318.96)	(696.07)	(344.51)	(569.77)
Exceptional Item (Net of expenses)	(24.91)	(13.65)	(368.83)	(165.17)
Profit /(Loss) Before Tax	(343.86)	(709.73)	(713.34)	(734.94)
Less : Tax Expenses	1.57	(25.00)	21.10	9.92
Less:-Deferred tax liability /(asset)(Including MAT Credit) and short (Excess) provision for taxation for earlier years	1.05	31.59	(35.05)	(16.48)
Profit /(Loss) for the period from continuing Operations	(346.48)	(716.32)	(699.39)	(728.38)
Add:- Share of Loss Transferred to Minority Interest		-	(110.24)	(4.69)
Net Profit for the period after tax	(346.48)	(716.32)	(588.77)	(723.70)
Balance brought forward from last year	569.70	1286.02	(551.49)	172.21
Loss of Subsidiary for earlier year transferred (net)				
Other Comprehensive Income (OCI)	0.28	1.68	0.38	2.20
Amount available for Appropriations	223.22	569.70	(37.28)	(551.49)
<b>Appropriations</b>				
Dividend & Tax paid thereon	0.00	0.00		0.00
Adjustment on account of acquisition of non controlling interest	0.00	0.00		0.00
Equity Transactions / Share Issue Expenses	0.00	0.00		0.83
Loss of Subsidiary for previous year	0.00	0.00		0.04
Transfer to Debenture Redemption Reserves	0.00	0.00		
<b>Closing Balance in Retain earnings</b>	<b>223.22</b>	<b>569.02</b>	<b>(37.28)</b>	<b>(551.49)</b>

## Dividend:

In view of losses incurred, your Directors do not recommended any dividend for the financial year ended on 31st March, 2023.  
Dividend Distribution Policy:

Securities and Exchange Board of India ('SEBI'), by its notification dated 8th July, 2016, has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), introducing new Regulation 43A and further amended the same on 5th May, 2021 mandating the top 1000 listed entities, based on market capitalization calculated as on 31st March of every financial year, to formulate a Dividend Distribution Policy and disclose the same on the website of the listed entity and a web-link shall also be provided in their annual reports.

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%20Distribution%20Policy%20SEL.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 Rs. 1054.16 Crores against Rs. 1322.58 Crores for the previous year. Profit (Loss) before Finance Cost, Depreciation & amortization Expense and Tax Expense for the current year is (Rs. 109.57 Crores) (Rs.438.99 Crores in previous year). Net Profit (Loss) after tax amounted to Rs. (346.48) Crores (Rs. 716.32 Crores in previous year)

### Consolidated Basis

As per the Consolidated Financial Statements, the Total Income of the Company, operating profit (PBDIT), and net loss for the year were Rs. 2176.49 Crores, Rs. 447.52 Crores and (Rs. 699.39 Crores) respectively.



### **Transfer to Investor Education and Protection Fund**

The Company has transferred a sum of Rs. 0.23 lakhs to the Investor Education and Protection fund established by the Central Government during the financial year 2022-23, in compliance with Section 124 of the Companies Act, 2013. The said amount represents unclaimed dividend amount for the financial year 2014-15 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 2014-15.

### **Reserves**

The Board of Directors of the Company has decided not to transfer any amount into General Reserve for the financial year ended on March 31, 2023.

### **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.

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

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

### **Share Capital**

During the year, there was no change in total equity share capital of Rs. 17,15,70,800/- (Face Value of Re. 1/- each). During the year under review, Company has not allotted any shares without differential voting rights. During the year under review, the Company has not granted any stock options or sweat equity. The Company has no scheme of provision of money for purchase of its own shares by employees or by trustees for the benefit of employees. Hence the details under rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014 are not required to be disclosed.

### **Debentures**

During the year 2022-2023 and up to the approval of Director's Report, the Company has redeemed Listed Non-Convertible Debentures (NCDs) of Rs. 22.50 Crores on 22-06-2022 for ISIN INE226H07080 and Rs. 45.00 Crores Non-Convertible Debentures (NCDs) on 22-06-2023 for ISIN INE226H07098.

The aggregate Outstanding Principal amounts of Non-Convertible Debentures was Rs.100.75 crores as on 31st March, 2023.

### **Credit Rating**

- a) CARE has assigned Revised CARE BB+ / CARE A4 (CWN) (Double B Plus/ A Four) (Under Credit watch with Negative Implications) from CARE BBB / CARE A3+ (CWN) (Triple B / A Three Plus) (Under Credit watch with Negative Implications) and Withdrawn for Long Term/short Term Bank Facilities and Revised from CARE B+ (Single B Plus) and moved to ISSUER NOT COOPERATING category and removed from Credit watch with Negative Implications; Negative outlook for Non-convertible Debentures.
- b) India Rating has assigned IND C/ IND D' from 'IND BB+ to Term Loan Facilities and Non- Convertible Debentures of the Company.

### **Subsidiaries, Joint Ventures and Associates Companies**

During the year, No Companies has become/ceased to be company's subsidiaries, joint ventures or associate company.

However, Company has transferred 100% stake of the equity shares to Sadbhav Bhavnagar Highway Limited and Sadbhav UNA Highway Limited in June, 2023 and Pursuant to the binding terms, w.e.f. 1st April, 2023, for operational conveniences, the physical possession including control of the site of the SBHL has been handed over to the Purchaser.

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 a part of Annual Report 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 2022-2023.

### **Board of Directors - Retirement by Rotation**

Mr. Dwigesh B. Joshi (DIN: 09733282), is the director liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment. The director recommends his reappointment.

### **Declaration from Independent Directors of the Company**

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.

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

During the year 2022-23 and upto the approval of Director's Report following changes were made in Director and KMPs.

1. Mr. Arun S. Patel (DIN: 06365699), Non-Executive Independent Director of the company ceased to be a director due to expiration of his term w.e.f. 26.09.2022.
2. Mr. Nitin R. Patel (DIN: 00466330), Executive Director & CFO of the company resigned w.e.f.21.11.2022.
3. Mr. Vasistha C. Patel Chief Executive Officer (CEO) of the company resigned w.e.f. 21.11.2022.
4. Mr. Rohit Modi was appointed as the Chief Executive Officer (CEO) of the company w.e.f. 21.11.2022 and tendered resignation from the position of CEO of the Company w.e.f. 14.02.2023
5. Mr. Jatin Thakkar was appointed as Chief Financial Officer (CFO) of the Company in the category of Key Managerial Personnel w.e.f. 17th December, 2022 and tender resignation from the position of CFO of the Company w.e.f. 15.03.2023
6. Mr. Shashin V. Patel (DIN: 00048328) has been appointed and designated as Chairman and Managing Director of the Company in the category of Key Managerial Personnel for a period of three (3) years w.e.f. 17th December 2022 to 16th December 2025.
7. Mr. Rohit Modi was appointed as the group Chief Executive Officer (CEO) of the company w.e.f. 14.02.2023.
8. Mr. Dwigesh B. Joshi (DIN: 09733282) was appointed as an Executive Director and CFO of the company w.e.f. 15.03.2023.
9. Mr. Jatin Thakkar (DIN: 09312406) was appointed as a Non-Executive Director of the company w.e.f. 15.03.2023.

#### **Evaluation of Board Performance**

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 and Committees, experience and competencies, performance of specific duties and obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc. At the Board Meeting that followed the above-mentioned meeting of the Independent Directors, the performance of the Board, its committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated. 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), Mrs. Anjali N. Choksi and Mr. Shashin V. Patel, Dr. Tarang M. Desai. The composition of the Audit Committee is in compliance with the requirement of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015.

#### **Stakeholder Relationship Committee**

The Stakeholder Relationship Committee comprises Directors namely Mr. Sandip V. Patel (Chairman), Mr. Shashin V. 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, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015.

#### **Risk Management Committee**

Board has constitute Risk Management Committee comprises Directors namely Mr. Shashin V. Patel, Mrs. Anjali N. Choksi and Mr. Sandip V. Patel. More details on the same are given in the Corporate Governance Report.

Pursuant to the provisions of Regulation 21 of the Listing Regulations, the Company is not required to constitute a Risk Management Committee. 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.

#### **Committees of Board**

Details of various committees constituted by the Board of Directors along with dates of meetings and attendance of members of committees 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 Mrs. Anjali N. Choksi (Chairperson), 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. Sandip V. Patel and Mrs. Anjali N. Choksi..

As on date, the Finance and Investment Committee comprises Directors namely Mr. Shashin V. Patel (Chairman), Mr. Sandip V. Patel and Mrs. Anjali N. Choksi.



### **Independent Director's Meeting**

The Independent Directors met on 14th February ,2023, without the attendance of Non-Independent Directors and members of the management. The Independent Directors reviewed the performance of Non-Independent Directors, the Committees and the Board as a whole along with the performance of the Chairman of the Company, taking into account the views of Executive Director and assessed the quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **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 2022-23. 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/REMUNERATION-POLICY.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/Whistle\\_Blower\\_Policy-1.pdf](https://www.sadbhaveng.com/wp-content/uploads/2018/02/Whistle_Blower_Policy-1.pdf)

### **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.

### **Meetings of Board**

During the year, Nine (9) Board Meetings were held on May 30, 2022, June 20, 2022, August 10, 2022, October 15, 2022, November 14, 2022, November 21, 2022, December 17, 2022, February 14, 2023 and March 15, 2023. The details of attendance of Directors is mentioned in Corporate Governance Report which forms part of this report.

### **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, 2023, 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, 2023 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**

Statutory Auditor of the company is M/s. Manubhai & Shah LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 106041W/W100136).

M/s. Manubhai & Shah LLP, Chartered Accountants (Firm Registration Number: 106041W/W100136), Statutory Auditors of the Company to hold office for the first term of five years from the conclusion of the Thirty First (31st) Annual General Meeting held on September, 29, 2020 until the conclusion of the Thirty Sixth (36th) Annual General Meeting of the Company to be held in the year 2025.

Qualifications, reservations or adverse remarks made by Statutory Auditors in their report for the Financial Year ended on March 31,

2023 are given in the Standalone and Consolidated Independent Auditor's Report.

**Explanation or Comments on Qualifications, Reservations or Adverse remarks or disclaimers made by the auditors and the practicing company secretary in their reports**

The Statutory Auditors' Report contain following qualification on Standalone and Consolidated Results.

**Reply of Directors with respect to qualifications /observations raised by Statutory Auditor's Report:  
Details of Audit Qualification (Standalone):**

**Qualification 1:** We draw attention to Note 49 to the accompanying Standalone Financial Results with respect to termination of concession agreement by Rohtak Panipat Tollway Private Limited step-down subsidiary of the Company. The said step-down subsidiary has issued notice of termination of concession agreement to National Highway Authority of India (NHAI) on account of Force Majeure Event as per concession agreement. As explained in the said note, the Company has carried out impairment assessment of outstanding balance in this step-down subsidiary duly considering the expected payment arising out of aforesaid termination and other claims filed with NHAI and based on the above assessment, management has concluded that no impairment / adjustment to the carrying value of the loan and other receivables balance is necessary as at March 31, 2023.

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

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

**Reply to qualification 1:** The Company has outstanding loan and other receivable of Rs. 14865.38 lakhs given to Rohtak Panipat Tollway Private Limited (RPTPL), a step-down subsidiary company which is engaged in construction, operation and maintenance of road projects under concession agreement with National Highways Authorities of India (NHAI). The net worth of RPTPL has fully eroded.

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

Considering the management assessment of probability and tenability of receiving above claims from NHAI as per the terms of concession agreement, which is backed by legal opinion and communications from NHAI for conciliation, the management has assessed that there is no impairment in the value of loan given to RPTPL and consequently no provision/adjustment to the carrying value of loan and other receivable as at March 31, 2023 is considered necessary.

**The Statutory Auditors' Report contain following qualification on Standalone financial statements on the basis of Report on the Internal Financial Controls:**

**Qualification 1:** The Company's internal financial control system towards estimating the carrying value of loan and other dues receivables in the step down subsidiary company, as explained in Note 49 to the standalone financial statements were not operating effectively which could potentially lead to not providing adjustments, if any, that may be required to the carrying values of loan and other dues recoverable from such step down subsidiary and its consequential impact on the earnings, other equity and related disclosures in the standalone financial statements.

**Reply to Qualification 1:** The Company has outstanding loan and other receivable of Rs. 14865.38 lakhs given to Rohtak Panipat Tollway Private Limited (RPTPL), a step-down subsidiary company which is engaged in construction, operation and maintenance of road projects under concession agreement with National Highways Authorities of India (NHAI). The net worth of RPTPL has fully eroded.

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

Considering the management assessment of probability and tenability of receiving above claims from NHAI as per the terms of concession agreement, which is backed by legal opinion and communications from NHAI for conciliation, the management has assessed that there is no impairment in the value of loan given to RPTPL and consequently no provision/adjustment to the carrying value of loan and other receivable as at March 31, 2023 is considered necessary.

**Qualification 2:** There was weakness in operating effectiveness over system of creation and issuance of purchase order, goods receipt



note, accounting of consumption and processing of invoices which could result into possible adjustments of transactions / balances.

**Reply to Qualification 2:** The company has adequate system of creation and issuance of purchase order, goods receipt note, accounting of consumption and processing. In few cases due to man power resource constraint there were some delay on few occasion in creation and issuance of purchase order, goods receipt note, accounting of consumption and processing of invoices. However, company has proper system of maker checker for processing of PO, GRN and consumption and No GRN and consumption will take place without creation of purchase order. Further management is taking steps to ensure that system operate effectively so that such instances do not occur. On the basis of above there were no material misstatement due to the weakness in operating effectiveness over system of creation and issuance of purchase order, goods receipt note, accounting of consumption and processing of invoices.

**Qualification 3:** In our opinion, the Company's system for processing of journal entries into accounting software does not have maker checker system which could result into possible effect to the processing of transactions and its consequential effect on balances.

**Reply to Qualification 3:** The company has adequate system of manual approval of processing of journal entries in accounting software and journal entries are also verified by the internal auditor. Company are in process of incorporating the maker checker process in accounting software for processing of journal entries.

It may be noted that there were no material misstatements of account balances due to the weakness in system for processing of journal entries in accounting software due to absence of maker checker system.

**Details of Audit Qualification (Consolidated):**

**The Statutory Auditors have provided following qualification in their audit report –**

1. As detailed in Note 66 & 67 of the accompanying Consolidated Financial Results, with respect to Rohtak Panipat Tollway Private Limited (RPTPL) and Rohtak Hisar Tollway Private Limited (RHTPL), step down subsidiaries of the Group in which interest on rupee term loan from banks and financial institutions as well as unsecured loans from group companies have not been accounted considering the fact that both subsidiaries have issued termination notices and lenders of both step down subsidiaries have classified all the secured borrowings as non-performing assets. This has resulted in the understatement of finance cost and the related interest liability and corresponding understatement of losses, amount of which is unascertained.

The auditors of RPTPL and RHTPL have expressed qualified opinion on the financial statement of RPTPL and RHTPL for the year ended March 31, 2023 vide their report dated May 25, 2023.

2. As detailed in Note 68 of the accompanying statement, with respect to Sadbhav Vidarbha Highway Limited (Concessionaire or SVHL), step down subsidiary of the group in which case lenders of SVHL has exercised right of substitution of concessionaire in the month of February, 2023. The Concessionaire vide its letter dated May 5, 2023 had recommended National Highway Authority of India (NHAI), Harmonious substitution of concessionaire. The approval of NHAI is awaited. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial statements of SVHL and the financial statements of SVHL is prepared on going concern basis. Owing to the uncertainty of outcome of substitution proceedings and lack of other alternate audit evidence, we are unable to comment about adjustment that may be required to the carrying value of assets and liabilities and their consequential impact on the financial position of the Group as on March 31, 2023.
3. As detailed in Note 69 of the accompanying statement, with respect to Sadbhav Nainital Highway Limited (Concessionaire or SNHL), step down subsidiary of the group in which case National Highway Authority of India (NHAI) vide its letter dated April 17, 2023 has given In-Principal approval for harmonious substitution of concessionaire. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial statements of SNHL and the financial statements of SNHL is prepared on going concern basis pending finalization of substitution.

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

4. As detailed in Note 70(a) of the accompanying Consolidated Financial Results, with respect to Sadbhav Bangalore Highway Private Limited (SBGHPL), subsidiary of the group in which Tax credit receivables are carried in the Balance sheet at Rs. 4,267.40 Lakhs under the Other Current assets. However, during financial year 2022-2023, the SBGHPL does not have any business activity nor are we informed about the management plan for taking up other business activity. Hence we are unable to comment about utilization / realisation of such tax credit receivables.
5. As detailed in Note 71(a) of the accompanying Consolidated Financial Results, with respect to Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), subsidiary of the group in which Tax credit receivables are carried in the Balance sheet at Rs. 1,554.50 Lakhs under Other Current assets. However, during financial year 2022-2023, the SJRRPL does not have any business activity nor are we informed about the management plan for taking up other business activity, nor are we informed about the management plan for taking up other business activity.

The auditors of SJRRPL have expressed qualified opinion on the financial statement of SJRRPL for the year ended March 31, 2023 vide their report dated May 26, 2023 mentioning that they are unable to comment about the utilization of tax credits in foreseeable future.



## **Reply of Directors with respect to qualifications /observations raised by Statutory Auditor's Report:**

**Reply to qualification 1:** Finance cost includes Interest expenses in respect of two step down subsidiary companies namely Rohtak Hissar Tollways Private Limited (RHTPL) and Rohtak Panipat Tollways Private Limited (RPTPL) amounting to Rs. 12280.90 lakhs and Rs. 10269.40 lakhs reversed during the quarter ended March 31, 2023 which were provided in earlier period where Financials of RPTPL & RHTPL are prepared on non going concern basis due to issue of termination notice to NHAI by RPTPL & RHTPL.

**Reply to qualification 2:** In case of Sadbhav Vidarbha Highway Limited (Concessionaire or SVHL), step down subsidiary where lenders of SVHL have exercised right of substitution of concessionaire in the month of February, 2023. The Concessionaire vide its letter dated May 5, 2023 had recommended National Highway Authority of India (NHAI), Harmonious substitution of concessionaire. The approval of NHAI is awaited. The SIPL and SVHL are in active discussion with Gawar Construction Limited for executing endorsement/settlement agreement. Owing to the uncertainty of outcome of substitution proceeding note, no adjustment is made to the carrying value of assets and liabilities in the financial statements of SVHL and the financial statements of SVHL is prepared on going concern basis.

**Reply to qualification 3:** In case of Sadbhav Nainital Highway Limited (Concessionaire or SNHL), step down subsidiary where National Highway Authority of India (NHAI) vide its letter dated April 17, 2023 has given In-Principal approval for harmonious substitution of concessionaire. The SIPL and SNHL are in active discussion with Gawar Construction Limited for executing endorsement/settlement agreement. As per the Binding Term Sheet, the recoverability of the amount invested by SIPL as Equity and Sub-debt is substantially certain and hence as per management estimate, no provision is required to be made to the carrying value of assets and liabilities in the financial statements of SNHL and the financial statements of SNHL is prepared on going concern basis.

**Reply to qualification 4:** Sadbhav Bangalore Highway Private Limited (SBGHPL), step down subsidiary in which Tax credit receivables are carried in the Balance sheet at Rs. 4267.40 lakhs under the Other Current assets. Presently, the SBGHPL does not carry out any business activity. However, management of SBGHPL is evaluating various option for utilising above mention credit and is confident about the utilization of the credit. For which the statutory auditors have expressed qualified opinion on financial results in this regards.

**Reply to qualification 5:** Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), subsidiary in which Tax credit receivables are carried in the Balance sheet at Rs. 1554.50 lakhs under the Other Current assets. Presently, SJRRPL does not carry out any business activity. However, management of SJRRPL is evaluating various option for utilising above mention credit and is confident about the utilization of the credit. For which the statutory auditors have expressed qualified opinion on financial results in this regards.

### **The Statutory Auditors' Report contain following qualification on Consolidated financial statements on the basis of Report on the Internal Financial Controls:**

**Qualification 1:** There was weakness in operating effectiveness over system of creation and issuance of purchase order, goods receipt note, accounting of consumption and processing of invoices of the Holding Company which could result into possible adjustments of transactions / balances.

**Reply to Qualification 1:** The Holding Company has adequate system of creation and issuance of purchase order, goods receipt note, accounting of consumption and processing. In few cases due to man power resource constraint there were some delay on few occasion in creation and issuance of purchase order, goods receipt note, accounting of consumption and processing of invoices. However, Holding Company has proper system of maker checker for processing of PO, GRN and consumption and No GRN and consumption will take place without creation of purchase order. Further management is taking steps to ensure that system operate effectively so that such instances do not occur. On the basis of above there were no material misstatement due to the weakness in operating effectiveness over system of creation and issuance of purchase order, goods receipt note, accounting of consumption and processing of invoices.

**Qualification 2:** In our opinion, the Holding Company's system for processing of journal entries into accounting software does not have maker checker system which could result into possible effect to the processing of transactions and its consequential effect on balances.

**Reply to Qualification 2:** The Holding Company has adequate system of manual approval of processing of journal entries in accounting software and journal entries are also verified by the internal auditor. Holding Company are in process of incorporating the maker checker process in accounting software for processing of journal entries.

It may be noted that there were no material misstatements of account balances due to the weakness in system for processing of journal entries in accounting software due to absence of maker checker system.

**Qualification 3:** SIPL, one of the subsidiary Company's internal processes with regards to the confirmation and reconciliation of trade payables, trade receivables, other incidental balances pertaining to the said trade payables and trade receivables are not operating effectively which could result into possible adjustments of balances.

The auditor of SIPL have expressed qualified opinion on the internal financial controls over financial reporting for the year ended March 31, 2023 vide their report dated May 28, 2023.

**Reply to Qualification 3:** SIPL, one of the subsidiary company's has adequate system for balance confirmation of trade payable and receivables. The SIPL is reconciling the outstanding balance of trade payables and receivables on regular intervals. The SIPL has an internal audit system which is commensurate with the size and nature of its business and there is no weakness in recognition of income and expenses Further as part of internal audit scope such balances are also reviewed by them and hence possibility of misstatement is not there.

**Qualification 4:** SIPL, one of the subsidiary Company's system for processing of journal entries into accounting software does not have maker checker system which could result into possible effect to the processing of transactions and its consequential effect on balances.

The auditor of SIPL have expressed qualified opinion on the internal financial controls over financial reporting for the year ended March 31, 2023 vide their report dated May 28, 2023.

**Reply to Qualification 4:** SIPL, one of the subsidiary company's has adequate system of manual approval of processing of journal entries in accounting software and journal entries are also verified by the internal auditor. The SIPL has an internal audit system which is commensurate with the size and nature of its business. SIPL are in process of incorporating the maker checker process in accounting software for processing of journal entries.

It may be noted that there were no material misstatements due to the weakness in system for processing of journal entries in accounting software due to absence of maker checker system.

#### 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, Practicing Company Secretaries, Ahmedabad to undertake the Secretarial Audit for the financial year 2022-23. The Secretarial Audit Report is annexed herewith as 'Annexure 1' to this Report. The adverse remarks by Secretarial auditor and management reply are given below

Secretarial Audit Report contains following observations and Board of Directors of the Company submitted responses for the same as follows.

1. Regulation 17 (1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires that the Board of directors of the top 2000 listed entities shall comprise of not less than six directors. Minimum Directors requirement was not fulfilled by the Company for a period of 80 days. Accordingly, Company was in default of Regulation 17(1)(c) for a period of 80 days from 25th December 2022 till 14th March 2023. To that extent Company has not complied with the said provisions of SEBI LODR Regulations.
2. Pursuant to Section 405 of the Companies Act, 2013 the Central Government made it necessary for all the "Specified Companies" to furnish the Form MSME-1, Half Yearly return about the payment to micro and small enterprise suppliers. However, the Company has not filed the said form for the period ended on 30th September, 2022 and on 31st March, 2023 respectively with Ministry of Corporate Affairs and to that extent not complied with the provisions of the Act.
3. Pursuant to Regulation 31 (1) (b) of SEBI LODR Regulations, the listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by the Board from time to time on a quarterly basis, within twenty-one days from the end of each quarter. There was a delay in Filing of Shareholding Pattern for the Quarter ended June 2022 by 20 days which is in violation of Regulation 31 (1) (b). Thus, Company has not complied with the said provisions of SEBI LODR Regulations to that extent.
4. Pursuant to SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019, the Company was required to make disclosure with the Stock Exchange(s) with respect to default in payment of interest/repayment of principle amount on loans from Banks/Financial Institutions. However, Information with respect to payment of interest/repayment of principle amount on loans from Banks/Financial Institutions, including delay made if any, is not available and accordingly we are not in a position to identify the deviation, if any on Compliance of SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019.

#### Reply of Directors with respect to qualifications / Observations raised by Secretarial Auditors are as under:

1. Reply to qualification No. 1: During the period from 25th December 2022 till 14th March 2023 the Company was in process of identifying the suitable candidate to fill the vacancy created due to expiry of the term of Mr. Arun S. Patel, Independent Director w.e.f. 25th September, 2022. The Board of Directors of Sadbhav Engineering Limited (the Company) in its meeting held on 15th March, 2023 has considered and approved appointment of

Mr. Dwigesh Joshi (DIN: 09733282) as an additional Executive Director of the Company for a period of three (3) years with effect from 15th March, 2023 to 14th March 2026 (both days inclusive) and; Mr. Jatin Thakkar (DIN:09312406) as an additional Non-Executive Director of the Company with effect from 15th March, 2023.

Hence, the composition of Board has been complied pursuant to Regulation 17(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions.

And Appointment of above mentioned Directors also approved by the shareholders of the Company through Postal Ballot.

Company has also made payment of Rs. 37,800/- after deduction of TDS Rs. 3,500/- through NEFT on 7th March, 2023 towards fines / penalties.

2. Reply to qualification No. 2: Due to Unavailability of required information from the MSME Vendors, Company was not able to file the Half yearly return of MSME-1 during the year with the Ministry of Corporate Affairs. No Vendor has declared that they have registered with MSME.



3. Reply to qualification No. 3: Due to Inadvertent circumstances, there was a delay of 20 days in Filing of Shareholding Pattern for the quarter ended 30-06-2023. However, the Company have submitted the Shareholding Pattern to the Stock Exchange after 20 days. Also Company has paid Rs. 47,200/- each to BSE Limited and National Stock Exchange of India Limited through NEFT on 02nd September, 2022 towards fines / penalties for non-submission of shareholding pattern within time period under regulations 31 (1) (b) of SEBI LODR Regulations.
4. Reply to qualification No. 4: This matter is strictly confidential & being reported by the Internal Auditor to the Board of Directors but all the issues are merely operational and not having any material adverse impact on the company.

#### **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 2022-2023 on a remuneration of Rs. 75,000/-p.a. The Cost Audit Report for the year 2022-2023 will be 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. 3 of the Notice convening 34th 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.

#### **Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditor have not reported any instances of fraud committed against your Company by its officers or employees to the Audit Committee or the Board, under Section 143(12) of the Act.

#### **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 M/s. Ravi Kapoor & Associates, Practicing Company Secretaries, Ahmedabad, confirming compliance conditions of Corporate Governance 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 as Annexure-2 to this Report. The CSR policy is available on the <https://www.sadbhaveng.com/wp-content/uploads/2021/09/Corporate-Social-Responsibility-Policy.pdf>

#### **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. However, details of Foreign Exchange Earnings and Outgo are mentioned below:

Foreign Exchange Earnings: Nil  
Foreign Exchange Outgo: Nil

#### **Particulars of Loans, Guarantees or Investments**

The provisions of Section 186 (except sub-section) of the Companies Act, 2013, with respect to a loan, guarantee or security is not applicable to the Company as the Company is engaged in providing infrastructural facilities. The details of investment made during the year under review are disclosed in the 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. Particulars of contract / arrangement / transaction entered into by the Company with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions forms integral part of this report in form AOC-2 as per 'Annexure - 4'.

The Company in terms of Regulation 23 of SEBI (LODR) Regulations, 2015, submits within 15 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 for the half yearly period upto March 31, 2023, 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/2021/09/RELATED-PARTY-TRANSACTION-POLICY.pdf> Your Directors draw attention of the members to notes no.46 to the Standalone Financial Statements which sets out related party disclosures.

#### Annual Return

Pursuant to the provisions of Section 92 (3) of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, Company has placed Annual Return in Form MGT-7 for the financial year ended on March 31, 2023 on the website of the Company at [www.sadbhaveng.com](http://www.sadbhaveng.com) and the same can be addressed at weblink <https://www.sadbhaveng.com/investors/#agm-egm-documents>

#### 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, 2023, 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 and Sustainability Reporting

As our Company does not fall in one thousand listed entities based on market capitalization as on 31st March, 2022, therefore, Business Responsibility and Sustainability Reporting does not applicable to our company.

#### Fixed Deposit

During the year under review, your Company has not accepted any fixed deposits from the public Pursuant to Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on 31st March, 2023, 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).

#### The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year

Insolvency Proceedings to which Company is/was Respondent mentioned below:

Sr. No.	Particulars	Type of Creditor	Status as at the end of financial year
1	LSC Infratech Limited	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
2	Sany Heavy Industry India Pvt. Ltd #	Operational Creditor	Settled & Closed on 29.03.2023
3	Shri Ganesh Enterprise through Suresh Gupta Proprietor	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
4	Tirupati Drilling & Mining Services Pvt Ltd	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
5	Rishabh Infra	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
6	Strata Geosystems India Pvt. Ltd	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
7	B K B Transport Private Limited	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
8	S S Infra	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
9	Krishna Trades	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
10	D. THAKKAR CONSTRUCTION PVT LTD	Operational Creditor	Pending before the Hon'ble NCLT Bench, Mumbai
11	RKD Constructions Pvt. Ltd.	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
12	Automark Industries India Pvt. Ltd	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
13	Almondz Global Infra-Consultant Ltd	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
14	OFB Tech Private Limited #	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
15	Kunal Conchem	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
16	Metro Infrasy Private Limited	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
17	Suwarna Buildcon Private Limited (4)	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
18	RHEOPLAST TECHNOLOGY PRIVATE LIMITED	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad
19	KUMAON GASES PRIVATE LIMITED	Operational Creditor	Pending before the Hon'ble NCLT Bench, Ahmedabad

# Till the date of this report the matter has been settled and disposed off.

**The Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof** Not Applicable during the year under review.

#### 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.

Place: Ahmedabad  
Date: August 14, 2023

For and on behalf of the Board of Directors

**Shashin V. Patel**  
Chairman & Managing Director  
DIN No.: 00048328



# Annexure - 1

**Form No. MR-3**  
**Secretarial Audit Report for the Financial Year Ended 31st March, 2023**

*[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 (hereinafter called the "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.

We have verified the soft copies of records maintained by the Company. Based on our online verification of the 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, during the audit period covering the financial year ended on 31st March, 2023 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 the Company for the financial year ended on 31st March, 2023 and 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 thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent of their applicability to the Company;
- 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) Regulation, 2015
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2021;
  - 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, 2021; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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 except in following:

1. Regulation 17 (1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires that the Board of directors of the top 2000 listed entities shall comprise of not less than six directors. Minimum Directors requirement was not fulfilled by the Company for a period of 80 days. Accordingly, Company was in default of Regulation 17(1)(c) for a period of 80 days from 25th December 2022 till 14th March 2023. To that extent Company has not complied with the said provisions of SEBI LODR Regulations.
2. Pursuant to Section 405 of the Companies Act, 2013 the Central Government made it necessary for all the "Specified Companies" to furnish the Form MSME-1, Half Yearly return about the payment to micro and small enterprise suppliers. However, the Company has not filed the said form for the period ended on 30th September, 2022 and on 31st March, 2023 respectively with Ministry of Corporate Affairs and to that extent not complied with the provisions of the Act.
3. Pursuant to Regulation 31 (1) (b) of SEBI LODR Regulations, the listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by the Board from time to time on a quarterly basis, within twenty-one days from the end of each quarter. There was a delay in Filing of Shareholding Pattern for the Quarter ended June 2022 by 20 days which is in violation of Regulation 31 (1) (b). Thus, Company has not complied with the said provisions of SEBI LODR Regulations to that extent.

4. Pursuant to SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019, the Company was required to make disclosure with the Stock Exchange(s) with respect to default in payment of interest/repayment of principle amount on loans from Banks/Financial Institutions. However, Information with respect to payment of interest/repayment of principle amount on loans from Banks/Financial Institutions, including delay made if any, is not available and accordingly we are not in a position to identify the deviation, if any on Compliance of SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019.

**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.

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.

Place: Ahmedabad  
Date: 14-08-2023

For, Ravi Kapoor & Associates  
**Ravi Kapoor**  
Company Secretary in practice  
FCS No.: 2587  
C P No.: 2407  
UDIN: F002587E000801572

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**

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.

Place: Ahmedabad  
Date: 14-08-2023

**For, Ravi Kapoor & Associates**  
**Ravi Kapoor**  
Company Secretary in practice  
FCS No.: 2587  
C P No.: 2407  
UDIN: F002587E000801572

## 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. Brief outline on CSR Policy of the Company:

Sadbhav Engineering Limited shall strive to reach out to the under-privileged, needy and weaker sections of the society and to address the social, educational, cultural, environmental and economic needs of such sections of the society. The company shall give preference to the local area of its operations.

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 <https://www.sadbhaveng.com/wp-content/uploads/2021/09/Corporate-Social-Responsibility-Policy.pdf>

Key Focus Areas of the CSR Policy are

- Promoting education
- Health Care
- Sustainable Livelihood
- Protection of the environment
- Infrastructure development
- Slum Area Development
- eradicating extreme hunger and poverty

### 2. Composition of the CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
01	Shashin V. Patel	Director- Chairman of CSR Committee	2	2
02	Arun S. Patel (upto 25-09-2022)	Independent Director -Member	2	1
03	Nitin R. Patel (upto 21-11-2022)	Executive Director- Member	2	1
04	Sandip V. Patel (Appointed w.e.f. 21-11-2022)	Independent Director -Member	2	1
05	Anjali N. Choksi (Appointed w.e.f. 27-09-2022)	Independent Director -Member	2	1

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company <https://www.sadbhaveng.com/wp-content/uploads/2021/09/Corporate-Social-Responsibility-Policy.pdf>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014, if applicable (attach the report) N.A.

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility) Rules, 2014, and amount required for set off for the financial year, if any

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be setoff for the financial year, if any (in Rs.)
01	2021-2022	Rs. 16.71 Lakhs	Rs. 16.71 Lakhs

6. Average net profit of the Company as per Section 135(5) Rs. 4113 Lakhs

7. a) Two percent of average net profit of the Company as per Section 135(5) Rs. 82.26 Lakhs

b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years Nil

c) Amount required to be set off for the financial year, if any Rs. 16.71 Lakhs

d) Total CSR obligation for the financial year (7a + 7b - 7c) Rs. 65.55 Lakhs



8. a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs. Lakhs)	Amount Unspent (In Rs. Lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (in Rs. Lakhs)	Date of Transfer	Name of the Fund	Amount (in Rs. Lakhs)	Date of Transfer
Rs. 83.99 Lakhs	-	-	-	-	-

b) Details of CSR amount spent against ongoing projects for the financial year:

Sr. No.	Name of Projects	Item from list of activities in Schedule VII of the Act	Local Area (Yes/ No)	Location of the Project		Project Duration	Amount allotted for the Project	Amount spent in current financial year	Amount transferred to Unspent CSR Account for the project as per section 135(6) of the Act	Mode of Implementation –Direct- Yes/No	Mode of Implementation through agency	
				State	District						Name	CSR Registered No.
1	Not Applicable											
2	Not Applicable											
	Total											

c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Amount spent for the project (in Rs. Lakhs)	Mode of implementation on - Direct (Yes/ No).	Mode of implementation- Through implementing agency.	
01	Environment Sustainability	Conservation of Natural Resources	Yes	Gujarat	Bhavnagar	67.27	Direct	N.A.	N.A.

e) Amount spent in Administrative Overheads: Nil

f) Amount spent on Impact Assessment, if applicable: Nil

g) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. Nil

h) Excess amount for set off, if any: Nil

Sr. No.	Particular	Amount (in Rs. Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 82.26
(ii)	Total amount spent for the Financial Year	Rs. 83.99
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Rs. 1.73
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs. 1.73

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount Transferred to Unspent CSR Account under Section 135(6) (Rs in Lakhs)	Amount spent in the Reporting Financial Year (Rs. in Lakhs)	Amount Spent to any Specified Fund mentioned in Schedule VII as per Section 135(6), if any	Amount remaining to be spent in remaining Financial Years (Rs in Lakhs)		
					Name of the Fund	Amount (Rs) in lakhs	Date of Transfer
1	2021-22	-	-	-	-	-	-
2	2020-21	-	378.90	-	-	-	Nil
3	2019-20	-	20.5	-	*422.5	-	422.5
	TOTAL	-	-	-	-	-	-

\*Company has already provided response and justification pursuant to the Companies Act, 2013 and rules framed thereunder for

CSR activities regarding spending of amount for the financial year 2019-20 and accordingly, provisions was duly complied.

**b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): N.A.**

Sr. No.	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of the reporting Financial year	Status of the project- Completed/ Ongoing
N.A.								

**10.** In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): N.A.

- a) Date of creation or acquisition of the capital asset(s) -
- b) Amount of CSR spent for creation or acquisition of capital asset-
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.-
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

**11.** Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) N.A.

**For, Sadbhav Engineering Limited**

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

**Dwigesh Joshi**  
 Director  
 DIN: 09733282

## 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, 2023.

- a) Employees who are employed throughout the year and in receipt of remuneration aggregating Rs. 1,02,00,000/- or more per Annum: NIL  
b) Employees who are employed part of the year and in receipt of remuneration aggregating Rs. 8,50,000/- or more per month:

Name & Qualification	Age in Years	Designation	Date of commencement of Employment	Gross Remuneration p.m. received (Rs. in Lakhs)	Nature of Employment, whether contractual or otherwise	Experience (No. of years)	Last Employment	% age of equity shares held by employee
Mr. Rohit Modi Qualification:- MA in Economics from Delhi School of Economics & BA (Hons) Economics from SRCC, and Advanced Management Program from Harvard Business School. IAS of 1985 Batch	60	Group CEO	15-02-2023	30.00	Permanent	More than 35 years	Suzlon Energy Ltd.	-
Mr. Dwigesh B. Joshi Qualification:-MBA	40	Executive Director & CFO	15-03-2023	9.25	Permanent	More than 15 years	RBL Bank Limited	-

**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.
- c) 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).

For, **Sadbhav Engineering Limited**

**Shashin V. Patel**  
Chairman & Managing Director  
DIN: 00048328

## 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 2022-23;

Name of the Directors	Designation	Remuneration of the directors (Rs. in Lakhs)	Median remuneration of the employees (Rs. in Lakhs)	Ratio of remuneration of the directors to the median remuneration of the employees
Shashin V. Patel	Chairman and Managing Director	0.75	2.66	0.28:1



Name of the Directors	Designation	Remuneration of the directors (Rs. in Lakhs)	Median remuneration of the employees (Rs. in Lakhs)	Ratio of remuneration of the directors to the median remuneration of the employees
Nitin R. Patel (upto 21-11-2022)	Executive Director	53.90	2.66	20:1
Dwigesh Joshi (w.e.f. 15-03-2023)	Executive Director	4.81	2.66	1.8:1
Jatin Thakkar (w.e.f. 15-03-2023)	Non-Executive Director	-		-
Sandip V. Patel <sup>^</sup>	Independent Director	0.90	2.66	0.33:1
Arun S. Patel <sup>^</sup> (upto 25-09-2022)	Independent Director	0.30	2.66	0.11:1
Dr. Tarang M. Desai <sup>^</sup>	Independent Director	0.60	2.66	0.23:1
Anjali Choksi <sup>^</sup>	Independent Director	1.05	2.66	0.39:1

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

**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 2022-23;**

Name of the Directors, Chief Financial Officer, Chief Executive Officer, 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 and Managing Director	25%	Loss before Tax was (34386.35 Lakhs) and Loss after Tax was (34648.38 Lakhs) in the Financial Year 2022-2023
Vasistha C. Patel (upto 21-11-2022)	Chief Executive Officer	-	
Nitin R. Patel (upto 21-11-2022)	Executive Director & Chief Financial Officer	-	
Rohit Modi (from 21-11-2022 to 14-02-2023)	Chief Executive Officer	-	
Jatin Thakkar (from 17-12-2022 to 15-03-2023)	Chief Financial Officer		
Dwigesh Joshi (w.e.f. 15-03-2023)	Executive Director		
Jatin Thakkar (w.e.f. 15-03-2023)	Non-Executive Director		
Sandip V. Patel <sup>^</sup>	Independent Director	20%	
Arun S. Patel <sup>^</sup> (upto 25-09-2022)	Independent Director	-	
Anjali Choksi <sup>^</sup>	Independent Director	60%	
Dr. Tarang M. Desai <sup>^</sup>	Independent Director	-	
Hardik J. Modi	Company Secretary	20%	

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

- i. **The percentage increase in the median remuneration of employees in the financial year 2022-23;**  
The median remuneration of employee in the financial year 2022-23 was Rs. 2.66 Lakhs (2.49 Lakhs in FY 2021-22). So, there was 6.82% Increase in median remuneration of employee.
- ii. **There were 316 employees on the rolls of company as on March 31, 2023.**
- iii. **Average percentile increased in the salaries of employees other than the managerial personnel in the last financial year i.e. 2022-2023 was 5.44% whereas the increased in the managerial remuneration for the same financial year was NIL.**
- iv. **It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.**

**For, Sadbhav Engineering Limited**

**Shashin V. Patel**  
Chairman & Managing Director  
DIN: 00048328

## Annexure - 5

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

**Not Applicable, as there are no contracts or arrangements or transactions entered into with related party which are not at arm's length basis.**

- Name(s) of the related party and nature of relationship:
- Nature of contracts/arrangements/transactions:
- Duration of the contracts / arrangements/transactions:
- Salient terms of the contracts or arrangements or transactions including the value, if any:.
- Justification for entering into such contracts or arrangements or transactions:
- Date(s) of approval by the Board:
- Amount paid as advances, if any:
- Date on which the special resolution was passed in general meeting as required under first proviso to section 188:

#### 2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name of the Related Party	Nature of Relationship	Nature of transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. In Lakhs	Date(s) of approval by the Board/ Committee	Amount Paid / Received in advance
1	Sadbhav Infrastructure Project Limited	Subsidiary	Sub contracting Income	2022-23	544.31	12-02-2021	Nil
2	Sadbhav Bhavnagar Highway Limited	Step Down Subsidiary	Sub contracting Income	2022-23	1540.00	15-07-2016	Nil
3	Sadbhav Nainital Highway Limited	Step Down Subsidiary	Sub contracting Income	2022-23	2202.00	15-07-2016	Nil
4	Sadbhav Rudrapur Highway Limited	Step Down Subsidiary	Sub contracting Income	2022-23	1573.03	15-07-2016	Nil
5	Sadbhav Udaipur Highway Limited	Step Down Subsidiary	Sub contracting Income	2022-23	3447.72	14-08-2017	Nil
6	Sadbhav Una Highway Limited	Step Down Subsidiary	Sub contracting Income	2022-23	3226.47	15-07-2016	Nil
7	Sadbhav Vidarbha Highway Limited	Step Down Subsidiary	Sub contracting Income	2022-23	2536.53	14-08-2017	Nil
8	Sadbhav Kim Expressway Private Limited	Step Down Subsidiary	Sub contracting Income	2022-23	633.16	24-04-2018	Nil
9	Sadbhav Gadag Highway Private Limited	Subsidiary	Sub contracting Income	2022-23	3349.91	13-11-2019	Nil
10	Sadbhav Infrastructure Project Limited	Subsidiary	Rent Income	2022-23	43.20	03-04-2021	Nil
11	Ahmedabad Ring Road Infrastructure Project Limited	Step Down Subsidiary	Rent Income	2022-23	1.20	03-04-2021	Nil

Note: All above transaction have been entered in the ordinary course of business and arm's length basis, hence approval of Board is not required under section 188 of the Companies Act, 2013.

**For, Sadbhav Engineering Limited**

**Shashin V. Patel**  
Chairman & Managing Director  
DIN: 00048328

# Report on Corporate Governance

## Company's Philosophy on Corporate Governance

Corporate Governance is about meeting our strategic goals responsibly and transparently, while being countable to our stakeholders. Sadbhav Engineering Limited ("the Company"/"SEL") is equipped with a robust framework of corporate governance that considers the long-term interest of every stakeholder as we operate with a commitment to integrity, fairness, equity, transparency, accountability. The framework lays down procedures and mechanisms for enhancing leadership for smooth administration and productive collaboration among employees, value chain, community, investors and the Government

The Company believes that sustainable and long-term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavor to achieve excellence in business along with active participation in the growth of society, building of environmental balances and significant contribution in economic growth. The Company is in compliance with the conditions of corporate governance as required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time as applicable

## 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, 2023, the Board comprised of 6 Directors which include Two Executive Director, One Non-Executive Non-Independent Directors and Three Non-Executive 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. All the Directors have made the necessary disclosures regarding committee positions.

Composition and Directorship(s)/Committee Membership(s)/Chairmanship(s) and number of other Board and Committees upto the date of approval of Director's Report:

### COMPOSITION

Name	Designation	Category	No. of Directorship held in other Public Companies*	No. of Independent Directorship in Listed entities *	No. of committee membership in other companies #	No. of committee chairmanship in other companies #	List of Directorship held in Other Listed Companies (Category of Directorship)	No. of Shares and convertible Instruments held
Mr. Shashin V. Patel DIN:00048328	Promoter Chairman & Managing Director	Executive Director	8	0	2	0	1. Sadbhav Infrastructure Project Limited (Non-Executive Director)	2388866
Mr. Nitin R. Patel DIN:00466330 (Up to : 21-11-2022)	Professional -Whole time Director	-	-	-	-	-	-	-
Mr. Sandip V. Patel DIN:00449028	Director	Independent, Non-Executive Director	7	1	2	2	1. Sadbhav Infrastructure Project Limited (Independent, Non-Executive Director)	10000
Mr. Arun S. Patel DIN:06365699 (Up to: 25-09-2022)	Director	Independent, Non-Executive Director	-	-	-	-	1. Sadbhav Infrastructure Project Limited (Independent, Non-Executive Director) 2. K Z Leasing and Finance Limited (Independent, Non-Executive Director)	-



Name	Designation	Category	No. of Directorship held in other Public Companies*	No. of Independent Directorship in Listed entities *	No. of committee membership in other companies #	No. of committee chairmanship in other companies #	List of Directorship held in Other Listed Companies (Category of Directorship)	No. of Shares and convertible Instruments held
Dr. Tarang M. Desai DIN:00005100	Director	Independent, Non-Executive Director	2	2	2	0	1. Ganesh Housing Corporation Limited (Independent, Non-Executive Director)	5000
Mrs. Anjali N. Choksi DIN: 08074336	Director	Independent, Non-Executive Director	1	1	1	0	NIL	-
Mr. Dwigesh B Joshi DIN: 09733282 (w.e.f. : 15-03-2023)	Director	Executive Director	2	0	0	0	1. Sadbhav Infrastructure Project Limited (Non-Executive Director)	2000
Mr. Jatin Thakkar DIN: 09312406 (w.e.f. : 15-03-2023)	Director	Non-Executive Director	2	0	0	0	1. Sadbhav Infrastructure Project Limited (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 2022-23, 9 (Nine) Board Meetings were held on May 30, 2022, June 20, 2022, August 10, 2022, October 15, 2022, November 14, 2022, November 21, 2022, December 17, 2022, February 14, 2023 and March 15, 2023.

**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	V	V	V	V	V	V
2	Mr. Nitin R. Patel#	V	V	V	V	V	V
3	Mr. Sandip V. Patel	V	V	V	V	V	V
4	Mr. Arun S. Patel##	V	V	V	V	X	V
5	Dr. Tarang M. Desai	X	X	V	V	V	X
6	Mrs. Anjali N. Choksi	V	V	V	V	V	V
7	Mr. Dwigesh B. Joshi*	V	V	V	V	V	V
8	Mr. Jatin Thakkar*	V	V	V	V	V	V

Note:

\* Appointed w.e.f. March 15, 2023

# Resigned w.e.f. November 21, 2022.

## Cessation of Arun Patel as an Independent Director due to expiry of Second Term w.e.f. September 25, 2022.

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 Meeting held	No. of Board Meetings Attended	Attendance at the last AGM
Mr. Shashin V. Patel	9	9	Yes
Mr. Nitin R. Patel**	9	5	Yes
Mr. Sandip V. Patel	9	8	Yes
Mr. Arun S. Patel#	9	3	Yes
Dr. Tarang M. Desai	9	6	No
Mrs. Anjali Choksi	9	8	No
Mr. Dwigesh B. Joshi*	9	0	N.A.
Mr. Jatin Thakkar*	9	0	N.A.

Note:.

\* Appointed w.e.f. March 15, 2023.

\*\* Resigned w.e.f. November 21, 2022.

# Cessation of Arun Patel as an Independent Director due to expiry of Second Term w.e.f. September 25, 2022.

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

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, 2023 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.

#### Familiarization Programmes for Independent Directors:

Your company has conducted the familiarization Programme for Independent Directors of the Company on February 14, 2023. The Programme was designed to familiarize 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 individuals from diverse fields as director 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 and are independent of the management.

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.

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

During the year, none of the Independent Director has resigned before the expiry of his tenure. However, Mr. Arun S. Patel (DIN No.06365699), Independent Director of the Company ceased to be Director of the Company due to the expiry of his Second term which ended on September 25, 2022.



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

#### 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 (Listing Obligations and Disclosures Requirements) Regulations, 2015. Mr. Sandip V. Patel, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on Friday, September 30, 2022 (through VC / OAVM).

The Composition of Audit Committee, details of number of meetings held during the year 2022-23 and Attendance of each member at the meeting are mentioned below:

Name of Director	Category	Date of Committee Meeting and Attendance					Committee Meeting attended
		30.05.2022	10.08.2022	14.10.2022	14.11.2022	14.02.2023	
Mr. Sandip V. Patel	Independent Non-Executive Director and Chairman of the Committee	Yes	Yes	Yes	No	Yes	4
Mr. Nitin R. Patel*	Professional Executive Director and Member of the Committee	Yes	Yes	Yes	Yes	NA	4
Mr. Arun S. Patel**	Independent Non-Executive Director and Member of the Committee	Yes	Yes	NA	NA	NA	2
Mrs. Anjali N. Choksi#	Independent Non-Executive Director and Member of the Committee	NA	NA	Yes	Yes	Yes	3
Mr. Shashin V. Patel##	Managing Director and member of the Committee	NA	NA	NA	NA	Yes	1

#### Note:

\*Resigned w.e.f. November 21, 2022.

\*\*Mr. Arun S. Patel Ceased as an Independent Director due to expiry of his second term w.e.f. September 25, 2022.

# Appointed w.e.f. September 27, 2022.

## Appointed w.e.f. November 21, 2022.

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; To review and monitor the auditor's independence and performance, and effectiveness of audit process;

7. Approval or any subsequent modification of transactions of the Company with related parties;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the Company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. 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;
13. To discuss with internal auditors of any significant findings and follow up there on;
14. 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;
15. 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;
16. 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;
17. To review the functioning of the Whistle Blower mechanism;
18. 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;
19. 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. Arun S. Patel as Chairman of the Committee was present at the Annual General Meeting of the Company held on Friday, September 30, 2022 (through VC / OAVM).

The Composition of Nomination and Remuneration Committee, details of number of meetings held during the year 2022-23 and Attendance of each member at the meeting are mentioned below:

Name of Director	Category	Date of Committee Meeting and Attendance					Committee Meeting Attended
		10.08.2022	21.11.2022	17.12.2022	14.02.2023	15.03.2023	
Mr. Arun S. Patel*	Independent, Non—Executive Director and Chairman of the Committee	Yes	NA	NA	NA	NA	1
Mr. Sandip V. Patel	Independent, Non—Executive Director and Member of the Committee	Yes	Yes	Yes	Yes	Yes	5
Dr. Tarang M. Desai	Independent, Non—Executive Director and Member of the Committee	Yes	Yes	Yes	Yes	No	4
Mrs. Anjali N. Choksi**	Independent, Non—Executive Director and Chairperson of the Committee	NA	Yes	No	Yes	Yes	3

Note: \*Mr. Arun S. Patel Ceased as an Independent Director due to expiry of his second term w.e.f. September 25, 2022

\*\*Appointed as a Chairperson of the committee w.e.f. September 27, 2022.

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, taking into account the views of Executive Directors and
  - 3) Non-Executive Directors;
  - 4) assess the equality, quantity and time lines of flow of information between the Company management and the Board that
  - 5) 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 such as Managing Director, Whole-time Directors and other Executive Directors 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 2022-23 and other terms of appointment of Directors

Name of Directors	Salary ( Rs. In lakhs )	Sitting Fees ( Rs. In lakhs )	Terms of Appointment	No. of equity shares held as on 31st March, 2023	No. of outstanding Stock options
Mr. Shashin V. Patel #	-	0.75	-	2388866	-
Mr. Nitin R. Patel*	53.90	-	-		-
Mr. Dwigesh Joshi **	4.81				
Mr. Jatin Thakkar **	-				
Mr. Sandip V. Patel #	-	0.90	-	10000	-
Mr. Arun S. Patel #	-	0.30	-	-	-
Dr. Tarang M. Desai #	-	0.60	-	-	-
Mrs. Anjali Choksi #	-	1.05			

**Note:-**

\* Resigned w.e.f. November 21, 2022.

\*\* Appointed w.e.f. March 15, 2023

# Reflects sitting fees based on attendance of Board Meeting

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:**

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.

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 (Listing Obligations and Disclosures Requirements) 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 (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Mr. Arun S. Patel as Chairman of the Committee was present at the Annual General Meeting of the Company held on Friday, September 30, 2022 (through VC / OAVM).

The Composition of Stakeholders Relationship Committee, details of number of meetings held during the year 2022-23 and Attendance of each member at the meeting are mentioned below:

Name of Director	Category	Date of Committee Meeting and Attendance				Committee Meeting attended
		30.05.2022	10.08.2022	21.11.2022	14.02.2023	
Mr. Arun S. Patel*	Independent, Non-Executive Director and Chairman of Committee	Yes	Yes	NA	NA	2
Mr. Sandip V. Patel##	Independent, Non-Executive Director and Chairman of Committee	Yes	Yes	Yes	Yes	4
Mr. Nitin R. Patel**	Professional Executive Director and Member of Committee	Yes	Yes	No	NA	2
Dr. Tarang M. Desai	Independent, Non-Executive Director and Member of Committee	No	Yes	Yes	Yes	3
Mr. Shashin V. Patel#	Managing (Executive) Director and Chairman of Committee	NA	NA	No	Yes	1

**Note:** \* Mr. Arun S. Patel Ceased as a Director due to expiry of his second term w.e.f. September, 25 2022.

\*\* Mr. Nitin R. Patel Resigned w.e.f. November 21, 2022

# Mr. Shashin V. Patel Appointed as a Member of Stakeholder’s Relationship Committee w.e.f. November 21, 2022

## Mr. Sandip V. Patel, member of the committee was appointed as the chairman of the committee w.e.f. September 27, 2022

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 redressed 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 Company Secretary & Compliance Officer shall monitor Compliances as per 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, 2023.

#### **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, Two meeting were held for the said Committee on August 10, 2022 and January 16, 2023.

The Composition of Risk Management Committee was as under:

1. Mr. Shashin V. Patel - Promoter, Chairman and Managing Director of the Committee
2. Mr. Nitin R. Patel\* - Professional Executive Director and Member of the Committee
3. Mr. Sandip V. Patel - Independent, Non-Executive Director and Member of the Committee
4. Mrs. Anjali N. Choksi\*\* - Independent, Non-Executive Director and Member of the Committee

\*Mr. Nitin R. Patel Resigned w.e.f. November 21, 2022.

\*\* Mrs. Anjali N. Choksi Appointed as a Member of Risk Management Committee w.e.f. November 21, 2022.

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. Sandip V. Patel and Mrs. Anjali N. Choksi\*\* 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. During the year under review, Four meeting were held for the said Committee on May 16, 2022, June 20, 2022, July 27 2022, and November 25, 2022.

\*Resigned w.e.f. November 21, 2022.

\*\* Appointed w.e.f. November 21, 2022.

##### 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. Nitin R. Patel\*, Mr. Arun S. Patel\*\*, Mrs. Anjali N. Choksi# and Mr. Sandip V. Patel### as members of the Committee. During the year 2022-23, Two meetings of Committee were held on May 30, 2022 and February 14, 2023.

\* Resigned w.e.f. November 21, 2022.

\*\* Mr. Arun S. Patel Ceased as a Director due to expiry of his second term w.e.f. September 25, 2022.

# Appointed w.e.f. September 27, 2022.

## Appointed w.e.f. November 21, 2022.

##### General Body Meetings

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

Financial Year	Date	Time	Venue
2019-20	September 29, 2020	03.30 P.M.	Through Video conferencing (VC) / Other Audio Visual Means (OAVM)
2020-21	September 29, 2021	03.30 P.M.	Through Video conferencing (VC) / Other Audio Visual Means (OAVM)
2021-22	September 30, 2022	03.30 P.M.	Through Video conferencing (VC) / Other Audio Visual Means (OAVM)

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

Date of AGM	Special Resolution Passed
September 29, 2020	<ul style="list-style-type: none"> <li>• Reappointment of Mrs. Purvi S. Parikh as an Independent Director of the Company</li> <li>• Reappointment of Mr. Nitin R. Patel as a Whole Time Director of the Company</li> <li>• Issue of Secured / Unsecured Non-Convertible Debentures and/or other Debts Securities on Private placement basis.</li> </ul>
September 29, 2021	NIL
September 30, 2022	<ul style="list-style-type: none"> <li>• Increase in borrowing limit of the company</li> <li>• Creation of Charge on Company's Property</li> </ul>

##### Postal Ballot:

During the year F.Y. 2022-23: Two Special Resolutions were passed by the Company through Postal Ballot:

Particulars of Resolution	No. of shares & % of votes cast in favor	No. of shares & % of votes cast against
1. APPOINTMENT AND CHANGE IN DESIGNATION OF MR. SHASHIN V. PATEL(DIN: 00048328) AS THE CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY	80013414 (99.898%)	81635 (0.102%)



Particulars of Resolution	No. of shares & % of votes cast in favor	No. of shares & % of votes cast against
2. APPOINTMENT OF MR. DWIGESH JOSHI (DIN: 09733282) AS AN EXECUTIVE DIRECTOR OF THE COMPANY	80042314 (99.934%)	52735 (0.066%)

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.

Above aforesaid resolution was passed by the shareholders with requisite majority.

In current financial year, no special resolution is proposed to be passed through postal ballot.

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

In terms of Regulation 39(4) of the SEBI (LODR) Regulations, 2015 the Company reports that no unclaimed equity shares lying in the demat suspense account.

#### Other Disclosures

- A)** The Company has complied with the requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46, of the SEBI (LODR) Regulations, 2015.
- B)** There is no non compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of Schedule V read with Regulation 34(3) of SEBI (LODR) Regulations, 2015.
- C)** 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.
- D)** 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.
- E)** During the last three years, there were no strictures or penalties imposed by SEBI or Stock Exchanges or any statutory authority, for non-compliance of any matter related to the capital markets.

#### **F) 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', Near Havmor Restaurant,  
B/h Navrangpura Bus Stand,  
Navrangpura,  
Ahmedabad-380009 Guajrat

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 they deem fit.

#### **G) 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.

#### **H) 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/2021/09/Material-Subsidiary.pdf>

**I) 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. 46). The policy on Related Party Transactions as approved by the Board is uploaded on the Company's web site at the weblink. <https://www.sadbhaveng.com/wp-content/uploads/2021/09/RELATED-PARTY-TRANSACTION-POLICY.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).

**J) 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.

**K) The status of compliance with the non-mandatory requirements listed in Part E of Schedule II of the Listing Regulations, are as under:**

The following non-mandatory requirements have been adopted by the Company:

- The Report of Auditors is with Modified opinion with respect to the Audited Financial Results (Standalone and consolidated) of the Company for the quarter and year ended on 31st March, 2023.
- The Internal Auditors report directly to the Audit Committee.

**L) 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.

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

**N) 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. 2022-23: Not Applicable**

**O) 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.32.1 to the Standalone Financial Statements.

**P) 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, 2023 is given in the Directors' report.

**Q) Disclosure of commodity price risks and commodity hedging activities:**

The Company does not deal in commodities price risks and commodity hedging activities. Hence the disclosure pursuant to SEBI Circular dated November 15,2018 is not required to be given.

**R) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:**

The Company in the ordinary course of its business given loans to it's subsidiaries companies in which directors are interested. The details of the same is mentioned hereunder

Sr. No.	Name of the Subsidiaries including step down subsidiaries companies	Balance as on March 31, 2023
01	Sadbhav Infrastructure Project Limited-Interest Free Loan	5914.82
02	Sadbhav Infrastructure Project Limited-Loan	27823.16
03	Rohtak-Panpat Tollway Pvt. Ltd. - Loan	14624.14
04	Rohatk-Hissar Tollway Pvt. Ltd. - Loan	1471.76

**S) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries:**

Please find the following details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.

Sr. No.	Name of Material Subsidiary Company	Date of Incorporation	Name of Statutory Auditor	Date of Appointment of Statutory Auditor
1	Sadbhav Infrastructure Project Limited	18-01-2007	M/s S G D G & Associates LLP	27-09-2018
2	Sadbhav Gadag Highway Private Limited	29-06-2018	M/s Manubhai & Shah LLP	24-09-2019
3	Ahmedabad Ring Road Infrastructure Limited	31-08-2006	M/s S G D G & Associates LLP	20-09-2017
4	Sadbhav Nainital Highway Limited (Formerly known as Sadbhav Nainital Highway Private Limited)	01-05-2016	M/s Gianender & Associates	22-09-2017



Sr. No.	Name of Material Subsidiary Company	Date of Incorporation	Name of Statutory Auditor	Date of Appointment of Statutory Auditor
5	Sadbhav Rudrapur Highway Limited (Formerly known as Sadbhav Rudrapur Highway Private Limited)	01-05-2016	M/s Gianender & Associates	22-09-2017
6	Sadbhav Bhavnagar Highway Limited (Formerly known as Sadbhav Bhavnagar Highway Private Limited)	20-06-2016	M/s Manubhai & Shah LLP	22-09-2017
7	Sadbhav Una Highway Limited (Formerly known as Sadbhav Una Highway Private Limited)	22-06-2016	M/s Manubhai & Shah LLP	22-09-2017
8	Sadbhav Bangalore Highway Private Limited	29-10-2016	M/s Manubhai & Shah LLP	22-09-2017
9	Sadbhav Vidarbha Highway Limited (Formerly known as Sadbhav Vidarbha Highway Private Limited)	24-04-2017	M/s Manubhai & Shah LLP	22-09-2018
10	Sadbhav Udaipur Highway Limited (Formerly known as Sadbhav Udaipur Highway Private Limited)	23-05-2017	M/s Manubhai & Shah LLP	22-09-2018
11	Sadbhav Jodhpur Ring Road Private Limited	03-01-2018	M/s S G D G & Associates LLP	29-09-2022
12	Sadbhav Kim Expressway Private Limited	12-04-2018	M/s Manubhai & Shah LLP	20-09-2019

#### 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.

#### Managing Director/CFO Certificate

Managing Director 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. Managing Director 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 Company Secretary in Practice:

The Company has obtained a certificate affirming the compliances from M/s. Ravi Kapoor & Associates, Practicing Company Secretaries, Ahmedabad, of the Company and the same is attached to this report.

#### Certification from Company Secretary in Practice:

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.

#### Means of Communication

- The quarterly financial results are sent to the Stock Exchanges immediately after the Board's approval. During the Financial Year 2022-23, Company has published its quarterly results as under:

Quarter	News Papers
Q1	Financial Express (English & Gujarati)
Q2	Financial Express (English) & Gujarati)
Q3	Financial Express (English & Gujarati)
Q4	Financial Express (English & Gujarati)
- The quarterly financial results are sent to the Stock Exchanges immediately after the Board's approval. During the Financial Year 2022-23, 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

**Date and Time** : Saturday, September 30, 2023 at 03.30 p.m.  
**Venue** : Through Video Conferencing or other Audio Visual means

**2. Financial calendar** : April 01, 2022 to March 31, 2023.

**3. Book Closure date** : Sunday, September 24, 2023 to Saturday, September 30, 2023 (both days inclusive)

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

### 5. Stock Code

**Script Code at BSE** : 532710  
**Trading Symbol at NSE** : SADBHAV  
**ISIN No.** : 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 Secured, Unrated, Unlisted, Redeemable Non-Convertible Debentures of the Company issued during the year 2022-23 and upto the date of this report:

INE226H07114 - 4000 NCDs of Rs. 0.65 Lakh each
INE226H07122 - 2000 NCDs of Rs. 0.65 Lakh each
INE226H07130 - 2400 NCDs of Rs. 0.65 Lakh each
INE226H07148 - 1600 NCDs of Rs. 0.65 Lakh each
INE226H07155 - 2500 NCDs of Rs. 0.65 Lakh each
INE226H07163 - 3000 NCDs of Rs. 0.65 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 2023-24 have been paid to the BSE and NSE.

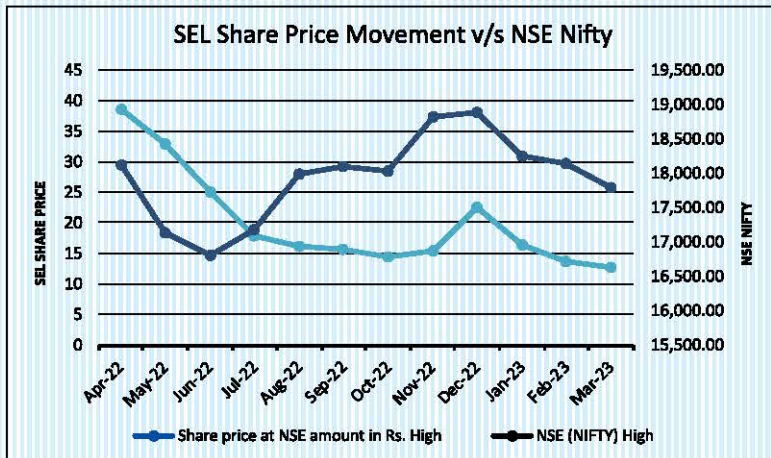
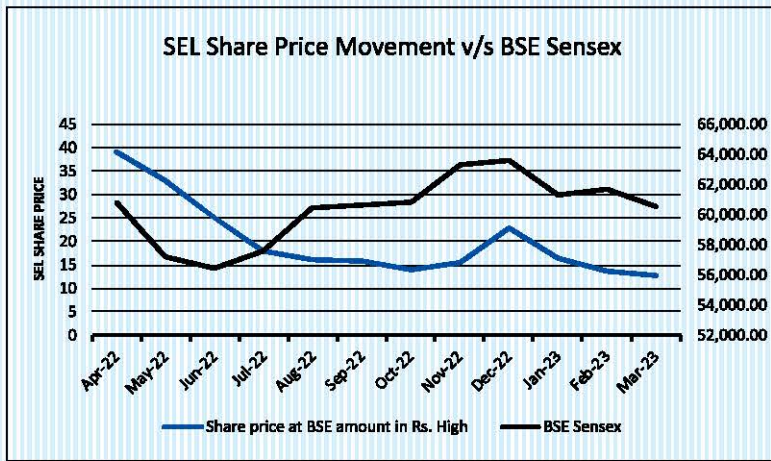
### 7. Credit Rating:

- CARE has assigned Revised CARE BB+ / CARE A4 (CWN) (Double B Plus/ A Four) (Under Credit watch with Negative Implications) from CARE BBB / CARE A3+ (CWN) (Triple B / A Three Plus) (Under Credit watch with Negative Implications) and Withdrawn for Long Term/short Term Bank Facilities and Revised from CARE B+ (Single B Plus) and moved to ISSUER NOT COOPERATING category and removed from Credit watch with Negative Implications; Negative outlook for Non-convertible Debentures.
- India Rating has assigned IND C/ IND D' from 'IND BB+ to Term Loan 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 Re. 1)

Month	Share price at BSE amount in Rs.		BSE Sensex		Share price at NSE amount in Rs.		NSE (NIFTY)	
	High	Low	High	Low	High	Low	High	Low
Apr-22	39.00	26.65	60,845.10	56,009.07	38.70	26.50	18,114.65	16,824.70
May-22	32.95	22.65	57,184.21	52,632.48	33.00	22.50	17,132.85	15,735.75
Jun-22	24.85	12.90	56,432.65	50,921.22	24.90	12.80	16,793.85	15,183.40
Jul-22	18.00	14.17	57,619.27	52,094.25	17.90	14.75	17,172.80	15,511.05
Aug-22	16.20	13.35	60,411.20	57,367.47	16.20	14.50	17,992.20	17,154.80
Sep-22	15.75	13.08	60,676.12	56,147.23	15.65	13.10	18,096.15	16,747.70
Oct-22	14.10	11.45	60,786.70	56,683.40	14.50	11.55	18,022.80	16,855.55
Nov-22	15.45	10.30	63,303.01	60,425.47	15.50	10.20	18,816.05	17,959.20
Dec-22	22.75	13.35	63,583.07	59,754.10	22.60	13.25	18,887.60	17,774.25
Jan-23	16.50	12.25	61,343.96	58,699.20	16.40	12.25	18,251.95	17,405.55
Feb-23	13.52	10.53	61,682.25	58,795.97	13.60	10.30	18,134.75	17,255.20
Mar-23	12.73	8.52	60,498.48	57,084.91	12.70	8.50	17,799.95	16,828.35



**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, 2023**

a. Distribution of shareholding as on March 31, 2023

No. of shares	No. of shareholders	% to total	No. of shares held	% to total
1-500	53146	73.4010	7714953	4.50
501-1000	8085	11.17	6529588	3.81
1001-2000	5105	7.05	7761099	4.52
2001-3000	1913	2.64	4907704	2.86
3001-4000	1013	1.40	3647577	2.13
4001-5000	837	1.16	3932680	2.29
5001-10000	1291	1.78	9407164	5.48
10001 to 999999999	1015	1.40	127670035	74.41
<b>Total</b>	<b>67898</b>	<b>100.00</b>	<b>171570800</b>	<b>100.00</b>



b. Categories of shareholders as on March 31, 2023

Category	No. of shares	% to total
Promoters	6,46,76,516	37.70
Mutual Fund	15733498	9.17
Banks, Financial institutions, Insurance companies, Government companies	2942710	1.71
Other private corporate bodies	8867760	5.17
Indian Public	76705336	44.71
NRI / OCB	2056080	1.20
Foreign Portfolio Investor (Corporate)	173000	0.10
Independent Directors and Relatives of Directors	15840	0.01
Any others	400060	0.23
<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 2014-2015 to Investor Education and Protection Fund**

During the year under review, the Company has credited Rs. 23,090.90 amount being unclaimed dividend for the year 2015-2016 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 2022-2023, company has transferred 230 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, 2023.

**17. Commodity price risk or Foreign Exchange Risk and Hedging Activities**

The details of foreign exchange exposures as on 31st March, 2023 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 : Sadbhav Engineering Limited**

"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 31, 2023.

Date: August 14, 2023  
Place: Ahmedabad

**For Sadbhav Engineering Limited**  
**Shashin V. Patel**  
Chairman & Managing Director  
DIN:- 00048328



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

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We, Shashin V. Patel, Chairman and Managing Director and Dwigesh Joshi, 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, 2023 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: May 28, 2023  
Place: Ahmedabad

**Shashin V. Patel**  
Chairman & Managing Director  
DIN: 00048328

**Dwigesh Joshi**  
Executive Director & CFO  
DIN:-09733282

## ***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, 2023 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, 2022 to 31st March, 2023. 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 except Regulation 17(1)(c) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, Which requires the Board of directors of the top 2000 listed entities shall comprise of not less than six directors. Minimum Directors requirement was not fulfilled by the Company for a period of 80 days. Accordingly, Company was in default of Regulation 17(1)(c) for a period of 80 days from 25th December, 2022 till 14th March, 2023. To that extent Company has not complied with the said provisions of SEBI LODR 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.

Date: 14th August, 2023  
Place: Ahmedabad

**Ravi Kapoor & Associates**  
**Ravi Kapoor**  
Proprietor  
Mem. No FCS. 2587  
COP No.: 2407  
UDIN: F002587E000801649

# Certificate of Non-Disqualification of Directors

[pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members of  
**Sadbhav Engineering Limited**  
Sadbhav House, Opp. Law Garden Police Chowki,  
Ellisbridge, Ahmedabad – 380 006.

We have examined online the relevant registers, records, forms, returns and disclosures received from the Directors of Sadbhav Engineering Limited having CIN L45400GJ1988PLC011322 and having registered office at Sadbhav House, Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad – 380 006. (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Shashin Vishnubhai Patel	00048328	01/07/2009
2	Sandip Vinodkumar Patel	00449028	27/06/2006
3	Jatin Thakkar	09312406	15/03/2023
4	Dwigesh Bharatbhai Joshi	09733282	15/03/2023
5	Tarang Madhukar Desai	00005100	14/02/2020
6	Anjali Nirav Choksi	08074336	10/08/2021

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 14th August, 2023  
Place: Ahmedabad

**Ravi Kapoor & Associates**  
**Ravi Kapoor**  
Proprietor  
Mem. No FCS. 2587  
COP No.: 2407  
UDIN: F002587E000801671



# Management Discussion & Analysis

## 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 2022-23.

## ABOUT SADBHAV ENGINEERING LIMITED

Since its inception in 1988, Sadbhav Engineering Limited (Herein after referred to as ‘SEL’) has implemented and executed projects of national significance including construction of roads and highways, bridges, mining and irrigation supporting infrastructure. SEL has successfully constructed 9621 lane kms of roads and highways (both state and national highways) and are among the top most infrastructure companies in India. SEL is also listed on both National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) and have had privilege to work for and with NHAI, Coal India, GIPCL, GHCL, L&T, HCC, Punj Lloyd, Sardar Sarovar Narmada Nigam, among various others. SEL’s foundation moves on the growth chart keeping in view various factors, such as patterns of key emerging markets in advanced economies, rising policy, geopolitical uncertainties, additional growth disappointments, and many more.

### 1. INDUSTRY STRUCTURE AND DEVELOPMENT

While, Indian Economy has significantly benefited from its infrastructure sector, India’s population growth and economic development require improved transport infrastructure, including through investments in roads, railways, and aviation, shipping and inland waterways. Infrastructure is a key enabler in helping India become a US \$26 trillion economy. Investments in building and upgrading physical infrastructure, especially in synergy with the ease of doing business initiatives, remain pivotal to increasing efficiency and costs. The infrastructure segment can be divided at the macro level into urban-centric and rural-centric segments and can be further segmented into beneficiary segments like Social Infrastructure, Transportation Infrastructure, Extraction Infrastructure, Manufacturing Infrastructure, and Utilities Infrastructure.

Production incentives under AatmaNirbhar Bharat incentivize foreign investments for domestic production. The last eight years have seen further liberalization of the policy towards foreign investors, with most sectors now open for 100% Foreign Direct Investment (FDI) under the automatic route. This has resulted in a visible structural shift in the gross FDI flows to India during the last decade. India’s gross FDI has increased from an average of 2.2% of GDP during FY’05-FY’14 to 2.6% in FY’15-FY’22 with the highest-ever annual gross FDI inflow of USD 84.8 billion recorded in FY’22. These trends are an endorsement of India’s status as a preferred investment destination amongst global investors.

### 2. GLOBAL ECONOMIC OVERVIEW

After the severe impact on economy during past years, the global economy is set to expand in 2023. The global economy has started growing exceptionally but recovery is imbalanced. While economies of developed nations or larger economies are looking more unstable due to the continuation of the Russia-Ukraine war and the disturbed global supply chain thereto. Global GDP growth in 2023 is projected to be 2.7%, the lowest annual rate since the global financial crisis, with the exception of the 2020 pandemic period. A modest improvement to 2.9% is foreseen for 2024. Annual OECD GDP growth is projected to be below trend in both 2023 and 2024, although it will gradually pick up through 2024 as inflation moderates and real incomes strengthen. Many of the world’s poorest countries are being left behind and still struggling to minimize human as well as economic losses due to the pandemic. Neighbor Countries like Pakistan, Sri Lanka, and Nepal are undergoing major political and economic imbalances and uncertainties which also affect many consumer product industries in India. However Recently, India has become the 5th Largest economy in the world by surpassing Britain which is a very positive sign for upcoming economic development and financial projects in the Country.

### 3. PANORAMA OF INDIAN ECONOMIC SITUATIONS

During, 2022-23 India has shown its potential to lead the global economy as when the developed countries are struggling to come out from the economic aftershocks, the Indian economy has surprisingly bounced back in spite of the Continuation of war and many other global challenges which is a positive sign for all the industries in the country. While betting on consumption-driven growth is obvious given India’s large, young, and rising share of the upper middle-income population (with a high propensity to spend), increasing investment will play an important role in the near future. It is investments that will provide India with the necessary momentum to take off on a path of sustained domestic demand-led growth for decades to come.



The government is developing enabling infrastructure for making India a cost-effective production hub. The National Logistics Policy (2022) has been launched to create an overarching logistics ecosystem for lowering the cost of logistics and bringing it to par with other developed countries. This would boost economic growth, provide employment opportunities, and make Indian products more competitive in the global market. Moreover, opening the strategic sectors, such as defense, mining, and space, for the private sector has enhanced the business opportunities in the economy. Investment incentives and easing business compliances have created an ecosystem for startups to nurture. The number of recognized startups has increased from 452 in 2016 to 84,012 in 2022.

In FY' 22-23, India's real GDP expanded by an estimated 6.9 percent. Growth was underpinned by robust domestic demand, strong investment activity bolstered by the government's push for investment in infrastructure, and buoyant private consumption, particularly among higher-income earners. The composition of domestic demand also changed, with government consumption being lower due to fiscal consolidation.

#### **4. OUTLOOK OF OPPORTUNITIES AND STRENGTHS**

##### **Roads and Highways**

India has the second largest road network in the world about 63.32 lakh KMs, which comprises 1,44,955 KMs long National Highways, 1,67,079 KMs long State Highways, 60,19,757 KMs long Village & other roads. The Government of India has launched major initiatives to upgrade and strengthen National Highways through various phases of the National Highways Development Project (NHDP) and is taking the initiative forward through the umbrella program of Bharatmala Pariyojana Phase-I and other schemes and projects.

Overall road projects exceeding 65,000 km in length, costing more than Rs. 11 lakh crore, are in progress, of which work in respect of projects of more than 39,000 km length has been completed and in balance length of more than 26,000 km works are in progress. National Highways of 5,774 km in length have been constructed during the first nine months of FY2022-23. India has a total of 226 ports including 12 Major ports. Out of this, 55 port connectivity and associated hinterland projects with a total length of 2,779 km have already been initiated by the Ministry of Road Transports and its implementing agencies. Post completion of these projects, 45 maritime ports will be provided with National Highway or 4 Lane+ connectivity. The 59 projects (1,249 km) will be taken up under PM GatiShakti National Master Plan for improving last-mile connectivity to ports in the country.

In addition to the thrust on road and infrastructure building, the Government of India is also putting extra emphasis on E-initiatives to fast-pace the processes. These E-initiatives include BhoomiRashi – Land Acquisition Portal, E-tolling, Acceptance of Electronic Bank Guarantees (E-BGs) by NHAH etc.

Bharatmala Pariyojana envisages 60% projects on Hybrid Annuity Mode, 10% of projects on BOT(Toll) Mode, and 30% of projects on EPC mode respectively. A total aggregate length of 25,713 km with a total capital cost of Rs. 7,81,845 crore has been approved and awarded to date under Bharatmala Pari yojana. Out of the total approved 25,713 km, an aggregate length of 14,317 km has been approved in EPC mode, an aggregate length of 10,989 km on HAM mode and an aggregate length of 408 km in BOT(Toll) mode.

##### **Irrigation**

Agriculture sector is one of the key sectors contributing to the nation's economic growth and an important one in shaping the country's vision to create a sustainable future. To nourish its growth, irrigation is the most vital infrastructure. During the union budget 2023-24, Rs. 5,300 crore given as central assistance to Upper Bhadra Project to provide sustainable micro irrigation and filling up of surface tanks for drinking water. The Ministry of Jal Shakti has been allocated Rs. 97,278 crore in 2023-24. The Department of Water Resources has been allocated Rs. 20,055 crore, 43% higher than the revised estimates of the previous year. The Department of Drinking Water and Sanitation has been allocated Rs. 77,223 crore, which is a 29% increase over the revised estimates for 2022-23.

The Department of Drinking Water and Sanitation has been allocated Rs. 77,223 crore for 2023-24, a 29% increase over the revised estimates for 2022-23. From 2013-14, budgetary allocation to the department has grown by about 18%. However, a significant increase was seen in 2021-22, when the budgetary allocation was more than three times the revised estimates of the previous year. Jal Jeevan Mission aims to provide drinking water through tap connections to every household by 2024. It also promotes grey water (used water) management, water conservation, and rainwater harvesting. The Swachh Bharat Mission was launched as a nationwide campaign to achieve universal sanitation coverage by 2019. 91% of the budgetary allocation for the department in 2023-24 is for the Jal Jeevan Mission and 9% for Swachh Bharat Mission.

Use of treated waste water has not gained much momentum in the country, though some of the States are using it for industrial, landscaping and irrigation purposes to a certain extent. Considering the pace of urbanisation, quantity of treated wastewater will increase over the years and has to be put to beneficial use. Keeping this in view, Niti Aayog is preparing a strategy paper covering different aspects of utilising treated wastewater for irrigation in peri-urban areas which is expected to be a step ahead in the government's vision to herald sustainable growth.

##### **Mining**

Mining is the core sector that catapults Nation's economic growth ambitions and performance. As of FY22, the number of reporting mines in India was estimated at 1,245, of which reporting mines for metallic minerals were estimated at 525 and non-metallic minerals at 720. Being the third largest energy-consuming country in the world, there is always increased demand for power and electricity in the country, and hence the surge in demand for coal. Demand for steel is also likely to grow by ~10% as the government's augmented focus on infrastructural development continues with increased construction of roads, railways, airports, etc. India aims to become atmanirbhar in its requirements for special steel by fortifying its steel value chain as holds a fair advantage in cost of production and conversion costs in steel and aluminum.

The index of mineral production of mining and quarrying sector for the month of January, 2023 at 135.9, is 8.8% higher as compared to the level in the month of January, 2022. As per the provisional figures of Indian Bureau of Mines (IBM), the cumulative growth for the period April- January, 2022-23 over the corresponding period of the previous year is 5.8%.

Furthermore, enactment of Mines and Minerals (Development and Regulation) Amendment Act, 2021 has enabled captive mine owners to sell up to 50% of their annual mineral including coal production in the open market. This policy change is expected to make a positive impact on the growth of the mining sector in times to come.

## 5. THREATS

For a company like, Sadbhav Engineering Limited having a diverse EPC project portfolio across the country, major threats could emanate from our technical or financial operations or could be from the environment in which we operate. We have a well-structured risk identification & mitigation process in place which has been elaborated in detail in succeeding item no. 6 below.

## 6. 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 analyze 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, pandemic 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.

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 effectivly 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 centralize 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.

#### **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 policies to protect against losses caused to workmen through accident. Most of the critical work during the operation period is done by us and only 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.

### **7. SEGMENT WISE PERFORMANCE**

As on March 31, 2023 the Company has a reportable business segment of construction, engineering and infrastructure development on Stand Alone basis.

### **8. 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 centralize 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.

### **9. FINANCIAL OVERVIEW – STANDALONE**

#### **a) Income Analysis:**

The Company's revenues for the current year stood at Rs. 889.17 crores as against Rs. 1226.24 crores in the previous year, thereby registering an decrease of 27.49 %.

#### **b) Expense Analysis:**

Manufacturing and Construction expenses Material consumed for the year ended March 31, 2023 amounted to Rs. 122.94 crores, construction expenses decreased from Rs. 730.32 crores incurred during 2021-22 to Rs.635.95 crores in the year 2022-2023.

#### **c) Depreciation, Interest and Finance Cost:**

Depreciation during 2022-23 amounted to Rs. 44.47 crores as against Rs. 69.20 crores recorded in 2021-22. Finance cost decreased from Rs.187.88 crores in 2021-22 to Rs. 164.98 crores in 2022-23.

#### **d) Profit (Loss) Analysis:**

Profit (Loss) Before Tax during 2022-23 stood at Rs. (318.96) crores as against Rs. (696.08) crores recorded during 2021-22. Profit (Loss) after tax for 2022-23 stood at Rs. (346.48) crores as compared to Rs. (716.32) crores during 2021-22.

#### **e) Net Worth:**

The Networth of the company in the year Rs. 1082.32 in the year 2022-2023 Compared to Net worth in the year Rs. 1428.53 in the year 2021-2022.

#### **Key Financial Ratios: Stand Alone Basis**

<b>FINANCIAL RATIOS</b>	<b>FY 2023</b>	<b>FY 2022</b>
Debtors Turnover	0.63	0.80
Inventory Turnover	1.75	1.70
Interest Coverage Ratio	0.98	1.36
Current Ratio	1.07	1.30
Debt Equity Ratio	1.07	0.81
Operating Profit Margin	8.64%	12.93%
Net Profit Margin	-32.87%	-54.16%
Return on Networth	-32.01%	-50.14%



## **Consolidated Financial**

On consolidated basis, the Total revenue stood at Rs. 2176.49 crores during the financial year under review as compared to Rs. 2827.74 crores in the previous year, Loss before tax was Rs. 713.34 crores as compare to Loss of Rs. 734.95 crores in the previous year and Loss after tax was Rs. 699.39 crores as compare to Loss of Rs. 728.39 crores in the previous financial year. Net worth of the Company stand to Rs. 175.22 crores as of 31st March, 2023 as compared to Rs. 801.53 crores as on 31st March,2022.

## **10. 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 316 people strong organization as on March 31, 2023.

***Standalone  
Financial Statements***

**Independent Auditor's Report**

**To the Members of**  
**Sadbhav Engineering Limited**

**Report on the Audit of the Standalone Financial Statements**

**Qualified 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 2023, and the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone 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, except for the matters described in the "Basis for Qualified Opinion" section of our report, 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 March 31, 2023, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Qualified Opinion**

We draw attention to Note No. 49 to the accompanying Standalone Financial Statements with respect to termination of concession agreement by Rohtak Panipat Tollway Private Limited a step-down subsidiary of the Company. The said step-down subsidiary has issued notice of termination of concession agreement to National Highway Authority of India (NHAI) on account of Force Majeure Event as per concession agreement. As explained in the said note, the Company has carried out impairment assessment of outstanding balance in this step-down subsidiary duly considering the expected payment arising out of aforesaid termination and other claims filed with NHAI and based on the above assessment, management has concluded that no impairment / adjustment to the carrying value of the loan and other receivables balance is necessary as at March 31, 2023.

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

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

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 Standalone 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 standalone 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 qualified opinion on the standalone financial statements.



### **Emphasis of Matter**

We draw attention to Note No. 47 to the accompanying Standalone Financial Statements in respect of balances in the account of parties pertaining to trade payables and other incidental balances which are under evaluation by management and subject to confirmation by the parties. Subsequent adjustments, if any, required upon such confirmation and evaluation.

Our opinion is not modified in respect of this matter.

### **Material uncertainty related to going concern**

We draw attention to Note No. 53 to the accompanying Standalone Financial Statements, which indicates that, there are defaults in repayment of due to lenders and the Company finds difficulty in meeting obligations of payment to suppliers and of statutory dues. Further, consortium of the lenders of the Company have executed Inter-Creditor Agreement on December 26, 2022 and accounts by the respective lenders have been classified as Non-Performing Assets. These events or conditions along with other matters as set forth in the said note indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the said note.

Our opinion is not modified in respect of this matter.

### **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. In addition to the report described in the Basis for Qualified Opinion section and the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements

<b>Key Audit Matter Description</b>	<b>Response to Key Audit Matter</b>
<p><b>A. Recognition of Contract Revenue:</b></p> <p>The Company's revenue primarily arises from construction contracts which, by their nature, are complex given the significant judgments involved in the assessment of current and future contractual performance obligations.</p> <p>The Company recognizes revenue and the resultant profit / loss relying on the estimates in relation to forecast contract revenue and forecast contract costs on the basis of stage of completion which is determined based on the proportion of contract costs incurred at balance sheet date, relative to the total</p>	<p>Our audit procedures to address this key audit matter included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Evaluating the appropriateness of the Company's accounting policy for revenue recognition.</li><li>• Obtaining an understanding of the Company's processes and evaluating the design and testing the effectiveness of key internal financial controls, including those related to review and approval of contract estimates.</li></ul>

Key Audit Matter Description	Response to Key Audit Matter
<p>estimated costs of the contract at completion. The revenue on contracts may also include variable considerations which are recognized when the recovery of such consideration is highly probable.</p> <p>These contract estimates are reviewed by the management on a periodic basis. In doing so, the management is required to exercise judgement in its assessment of the valuation of contract variations and claims as well as the completeness and accuracy of forecast costs to complete and the ability to deliver contracts within contractually determined timelines.</p> <p>Changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margins.</p> <p>In view of the involvement of significant estimates by the management and material impact on the Financial Statements, the matter has been determined as Key Audit Matter.</p> <p>Refer Note No. 26 to the standalone financial statements.</p>	<ul style="list-style-type: none"> <li>• For a sample of contracts, testing the appropriateness of amount recognized as revenue, basis percentage of completion method by evaluating key management judgements inherent in determining forecasted contract revenue and costs to complete the contract, including: <ul style="list-style-type: none"> <li>- verifying the underlying documents such as original contract and its amendments, if any, for reviewing the significant contract terms and conditions;</li> <li>- evaluating the identification of performance obligation of the contract;</li> <li>- testing the existence and valuation of variable consideration with respect to the contractual terms and inspecting the related correspondences with customers; and</li> <li>- reviewing legal and contracting experts' reports received on certain contentious matters;</li> <li>- For cost incurred to date, testing samples to appropriate supporting documents and performing cut-off procedures;</li> <li>- Performing analytical procedures for reasonableness of revenue recognised; and</li> <li>- Evaluating the appropriateness and adequacy of the disclosures related to contract revenue and costs in the standalone financial statements in accordance with the applicable accounting standards.</li> </ul> </li> </ul>
<p><b>B. Measurement of Contract assets in respect of unbilled amounts and evaluation of recoverability of the carrying value of Contract Assets:</b></p> <p>The Company, as at 31 March 2023, has Contract Assets (unbilled work-in-progress) amounting to Rs. 83,647.67 Lakhs which represent various receivables in respect of closed, suspended or terminated projects. The Company is in process of arbitration or litigation with the various customers in respect of the aforementioned Contract Assets.</p> <p>The Management, based on contractual tenability, progress of the negotiations, discussions, arbitration, litigation and relying on the legal opinion obtained from independent legal and contracting experts' in certain cases, has determined that after making necessary written off of ir-recoverable amount, no further provision is required to be</p>	<p>Our audit procedures to address this key audit matter included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Company's processes and evaluating the design and testing the effectiveness of key internal financial controls, including those related to review and approval of contract estimates.</li> <li>• Assessed the reasonability of judgements exercised and estimates made by management with respect to the recoverability of the Contract Assets and validated them with corroborating evidence.</li> <li>• Verified contractual arrangements to support management's position on the tenability and recoverability of these receivables;</li> </ul>

Key Audit Matter Description	Response to Key Audit Matter
<p>recognized for the aforementioned receivables.</p> <p>Considering the materiality of the amounts involved, uncertainty associated with the outcome of the arbitration or litigation process and significance of management judgement involved in assessing the recoverability, the matter has been determined as a key audit matter in the audit of the standalone financial statements.</p> <p>Refer Note No 18.2 to the standalone financial statements.</p>	<ul style="list-style-type: none"> <li>• Reviewed legal and contracting experts' reports received on certain contentious matters;</li> <li>• Evaluated the appropriateness and adequacy of the disclosures related to contract revenue and costs in the standalone financial statements in accordance with the applicable accounting standards.</li> </ul>
<p><b>C. Assessment of Impairment in the value of Investment made Sadbhav Infrastructure Projects Limited (SIPL):</b></p> <p>As at March 31, 2023; the Company have investment in subsidiary "SIPL" amounting to Rs. 49,255.72 Lakhs.</p> <p>For impairment testing, recoverable amount has been determined based on future cash flows such as sale of Hybrid Annuity Assets (HAM) and Border Check Post (BCP) project and management views of future business prospects. Further, the recoverable amount is highly sensitive to changes in key assumptions used for forecasting the future cash flows. Thus, the determination of the recoverable amount of such investment in SIPL involves significant management judgement.</p> <p>Accordingly, the impairment assessment of investment in SIPL was determined to be a key audit matter in our audit of the Standalone Financial Statements.</p> <p>Refer Note No. 50 to the Standalone 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 Company's valuation methodology applied in determining the recoverable amount of its investment in Assets.</li> <li>• Obtaining and understanding of recoverability of amount of investment made in SIPL from sale of HAM Assets and BCP project considering the current and estimated future economic conditions.</li> <li>• Understanding the surplus amount paid by SIPL towards investment made by the holding Company from sale of HAM Assets and BCP project after repayment of debts and other dues payable by SIPL.</li> <li>• 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 key assumptions estimated by the management.</li> <li>• Reviewed the adequacy of the disclosures made in the standalone financial statements.</li> </ul>

**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. The other information report is expected to be made available to us after the date of this auditor's report.

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.

When we read the other information report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and necessary action in accordance with the SAs will be taken.

### **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 these standalone 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 and those charged with governance are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether these standalone 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 standalone 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 standalone 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 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 Section 143 (3) of the Act, we report that:
  - a. We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. Except for the matter described in the Basis for Qualified Opinion paragraph, 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 including the Statement of Other Comprehensive income, the Statement of Cash Flow and Statement of Changes Equity dealt with by this Report are in agreement with the books of account;
  - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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, 2015, as amended;

- e. The matter described in the Basis for Qualified Opinion paragraph and the matter described in the Material Uncertainty Related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company;
- f. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in Basis of Qualified Opinion.
- h. With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure A”. Our report expresses a qualified opinion on the operating effectiveness of the Company’s internal financial controls with reference to financial statements.
- i. In our opinion, the managerial remuneration for the year ended March 31, 2023 paid / provided by the Company to their directors is in accordance with the provisions of section 197 of the Act read with Schedule V to the Act;
- j. 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 standalone financial statements; Refer Note 38 to the Standalone Financial Statements
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or
    - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
    - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever or on behalf of the Funding Party (“Ultimate Beneficiaries”) or



- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement;
- v. The Company has not declared or paid dividend during the year covered by our audit.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.
2. As required by the Companies (Auditors' Report) Order, 2020 ("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 B, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

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

**K C Patel**  
**Partner**  
Membership No.: 030083  
UDIN: 23030083BGWUWN2010

**Date: May 28, 2023**  
**Place: Ahmedabad**

**Annexure – ‘A’ to the Independent Auditor’s Report of Even Date on the Standalone Financial Statements of Sadbhav Engineering Limited**

**(Referred to in paragraph 1(g) under “Report on Other legal and Regulatory Requirements” section of our report the member of Sadbhav Engineering Limited of even date)**

**Report on the Internal Financial Controls with reference to standalone financial statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)**

We have audited the internal financial controls with reference to standalone financial statements of Sadbhav Engineering Limited (“the Company”) as of March 31, 2023 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 with reference to the Standalone Financial Statements**

The management of the Company is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements 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 with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the “Guidance Note”) and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to the standalone financial statements and Guidance note 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 with reference to standalone 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 system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 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 with reference to these standalone financial statements.

### **Meaning of Internal Financial Controls with reference to the Standalone Financial Statements**

A Company's internal financial control with reference to the standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone 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 the standalone 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 standalone financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements**

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

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls with reference to standalone financial statements as at March 31, 2023:

- The Company's internal financial control system towards estimating the carrying value of loan and other dues receivables in the step down subsidiary company, as explained in Note 49 to the standalone financial statements were not operating effectively which could potentially lead to not providing adjustments, if any, that may be required to the carrying values of loan and other dues recoverable from such step down subsidiary and its consequential impact on the earnings, other equity and related disclosures in the standalone financial statements.
- There was weakness in operating effectiveness over system of creation and issuance of purchase order, goods receipt note, accounting of consumption and processing of invoices which could result into possible adjustments of transactions / balances.
- In our opinion, the Company's system for processing of journal entries into accounting software does not have maker checker system which could result into possible effect to the processing of transactions and its consequential effect on balances.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended on March 31, 2023, and these material weaknesses have not affected our opinion on the standalone financial statements of the Company except in respect of uncertainty for realizing the carrying value of loan and other dues receivables related to Rohtak Panipat Highway Private Limited ("the step down subsidiary Company").



A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to the standalone financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim standalone financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and except for the possible effects of the material weakness in operating effectiveness of internal financial controls as described above on the achievement of the objectives of the control criteria, such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to standalone financial statements issued by the Institute of Chartered Accountants of India.

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

**K C Patel**  
**Partner**  
Membership No.: 030083  
UDIN: 23030083BGWUWN2010

**Date: May 28, 2023**  
**Place: Ahmedabad**

**Annexure – ‘B’ to the Independent Auditor’s Report**

**(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report the members of Sadbhav Engineering Limited of even date)**

**Report on the Companies (Auditor’ Report) Order, 2020, issued in terms of section 143 (11) of the Companies Act, 2013(‘the Act’) of Sadbhav Engineering Limited (‘the Company’)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- b. The Company has a program of physical verification of its Property, Plant and Equipment and right to use assets. In accordance with this program, Property, Plant and Equipment 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 the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties (other than immovable properties where the Company is lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the standalone financial statements included under Property, Plant and Equipment and capital work-in-progress are held in the name of the Company as at the balance sheet date.
- d. The Company has not revalued any of its Property, Plant and Equipment (including Right of use assets) and intangible assets during the year.
- e. No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a. The inventories were physically verified by the management during the year at the year end. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with the books of accounts.
- b. According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising (stock statements, book debt statements, other receivables, and other stipulated financial information) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company for the quarter ended on June 30,2022 and September 30,2022. The Company has not provided quarterly returns or statements for the period from 01.10.2022 to 31.12.2022 and from 01.01.2023 to 31.03.2023; hence we are unable to comment on the same.

- (iii) a. The Company has provided loans or advances in the nature of loans, stood guarantee, or provided security during the year and details of which are given below:

(Rs. In Lakhs)

Particulars	Loans	Advances in nature of loans	Guarantees	Security
A. Aggregate amount granted / provided during the year:				
- Subsidiaries	6,785.81	-	-	-
- Step-Down Subsidiaries	1,032.34	-	-	-
- Others	-	-	-	-
B. Balance outstanding as at balance sheet date in respect of above cases				
- Subsidiaries	30,228.88	-	-	-
- Step-Down Subsidiaries	14,624.14	-	-	-
- Others	-	-	-	-

- b. In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans are not prejudicial to the Company's interest. However, attention is invited to 'Basis of Qualified Opinion' paragraph of our Main Audit Report.
- c. In respect of loans granted, the terms of arrangements do not stipulate any repayment schedule of principal and interest. The loans are repayable on demand except interest free term loan of Rs. 7795.63 Lakhs given to one of the subsidiary companies which is repayable after eleven years from the date of agreement dated October 22, 2014.
- d. Since the loans are repayable on demand, reporting under this clause in respect of overdue balances is not applicable.
- e. In our opinion and according to the information and explanations given to us, neither loans or advances in nature of loans have been renewed or extended nor any fresh loans have been granted to settle the overdue of existing loans.
- f. The Company has granted Loans or advances in the nature of loans which are repayable on demand or without specifying any terms or period of repayment details of which are given below.

(Rs. in Lakhs)

Particulars	Others (Rs.)	Promoters (Rs.)	Related Parties (Rs.)
Aggregate amount of loans/ advances in nature of loans			
- Repayable on demand (A)	1,025.72	0.00	46,324.78
- Agreement does not specify any terms or period of repayment (B)	0.00	0.00	0.00
Total (A+B)	1,025.72	0.00	46,324.78
Percentage of loans/ advances in nature of loans to the total loans	1.93%	0.00%	86.97%

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to the loans granted, investments made and guarantees and securities provided, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits (including deemed deposits) from the public within the meaning of provisions of sections 73 to 76 of the Act and the rules framed there under and



hence reporting under clause (v) of paragraph 3 of the Order is not applicable. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(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) 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 and any other statutory dues have not been regularly deposited with the appropriate authorities during the year except goods and service tax.

According to the information and explanations given to us and basis our audit procedures to check the outstanding statutory dues, in our opinion no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Value Added 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 interest of Rs. 2.86 Lakhs on tax deducted at source.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Forum where Dispute is pending	Amount (Rs.in Lakhs)
1.	The Finance Act, 1994	Service Tax	2007-08 and 2008-09	Central Excise and Service Tax Appellant Tribunal, 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	High Court of Gujarat	189.19
4.	The Income Tax Act, 1961	Income Tax	2007-08	Income Tax Appellate Tribunal, Ahmedabad	11.43
5.	The Income Tax Act, 1961	Income Tax	2006-07 to 2010-11	Income Tax Appellate Tribunal, Ahmedabad	19.17
6.	The Income Tax Act, 1961	Income Tax	2010-11	Income Tax Appellate Tribunal, Ahmedabad	244.64
7.	The Income Tax Act, 1961	Income Tax	2011-12	Income Tax Appellate Tribunal, Ahmedabad	528.04
8.	The Income Tax Act, 1961	Income Tax	2013-14	Income Tax Appellate Tribunal, Ahmedabad	1048.50
9.	The Income Tax Act, 1961	Income Tax	2014-15	Income Tax Appellate Tribunal, Ahmedabad	1,866.72
10.	The Income Tax Act, 1961	Income Tax	2015-16	Income Tax Appellate Tribunal, Ahmedabad	1,414.34
11.	The Income Tax Act, 1961	Income Tax	2016-17	Income Tax Appellate Tribunal, Ahmedabad	2,087.00
12.	The Income Tax Act, 1961	Income Tax	2017-18	Income Tax Appellate Tribunal, Ahmedabad	3,700.93

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**Chartered Accountants**

Sr. No.	Name of the Statue	Nature of the Dues	Period to which the amount relates	Forum where Dispute is pending	Amount (Rs.in Lakhs)
13.	Jharkhand Value Added Tax Act, 2005	Value Added Tax	2010-11	Commissioner Appeal (Commercial Tax), Jharkhand	77.40
14.	Gujarat Value Added Tax Act, 2003	Value Added Tax	2006-07	Gujarat Value Added Tax Tribunal	321.96
15.	Goods and Service Tax Act, 2017	Goods & Service Tax	2017-18	Joint Commissioner (Appeals) of Maharashtra State Tax	171.31
16.	Goods and Service Tax Act, 2017	Goods & Service Tax	2018-19	Joint Commissioner (Appeals) of Maharashtra State Tax	405.04
17.	Goods and Service Tax Act, 2017	Goods & Service Tax	2018-19	Additional Commissioner of GST (Appeals) Andra Pradesh	62.90
18.	Goods and Service Tax Act, 2017	Goods & Service Tax	2019-20	Assistant Commissioner of Rajasthan	166.56

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) a) During the year there were delays in the repayment of loans and payment of interest to banks, financial institutions and others as per the details given hereunder:

Name of lender	Aggregate amount not paid on due date (Rs. in Lakhs)	Whether Principal or Interest	Period of delay *
<b>Long Term Loans from Banks</b>			
Punjab National Bank (erstwhile Oriental Bank of Commerce)	97.05	Principal	1 to 30 days
	1.89	Interest	
	64.67	Principal	31 to 60 days
	2.88	Interest	
Union Bank of India	19.43	Principal	1 to 30 days
State Bank of India	1.27	Interest	1 to 30 days
	199.94	Principal	31 to 60 days
	5.03	Interest	
ICICI Bank Limited	56.27	Interest	1 to 30 days
	56.27	Interest	31 to 60 days
	141.44	Interest	61 to 90 days
	2239.20	Principal	Greater than 90 days
	168.80	Interest	
1050.99	Principal		
<b>Long Term loan for Machinery Finance from Banks</b>			
Punjab National Bank (erstwhile Oriental Bank of Commerce)	202.56	Principal	1 to 30 days
	44.43	Interest	
	8.76	Principal	31 to 60 days
	8.17	Interest	
	26.25	Principal	61 to 90 days
5.04	Interest		
ICICI Bank Limited	11.15	Principal	1 to 30 days
	0.98	Interest	

Name of lender	Aggregate amount not paid on due date (Rs. in Lakhs)	Whether Principal or Interest	Period of delay *
	4.45	Principal	31 to 60 days
	0.29	Interest	
HDFC Bank Limited	106.00	Principal	1 to 30 days
	9.68	Interest	31 to 60 days
	12.61	Principal	
	0.93	Interest	
Axis Bank Limited	224.78	Principal	1 to 30 days
	50.37	Interest	
<b>Short Term Loan from Banks</b>			
Bank of India	15.30	Interest	1 to 30 days
Axis Bank Limited	1.83	Interest	1 to 30 days
Standard Chartered Bank	775	Principal	1 to 30 days
	138.32	Interest	31 to 60 days
	120.72	Interest	
	35.52	Interest	61 to 90 days
	35.20	Interest	Greater than 90 days
State Bank of India	4861.10	Principal	1 to 30 days
	407.80	Interest	31 to 60 days
	111.85	Interest	
	125.17	Interest	61 to 90 days
	33.03	Interest	Greater than 90 days
IDBI Bank	39.66	Interest	1 to 30 days
	11.28	Interest	31 to 60 days
Union Bank of India	153	Interest	1 to 30 days
Punjab National Bank (erstwhile Oriental Bank of Commerce)	230.94	Interest	1 to 30 days
	41.74	Interest	31 to 60 days
	62.51	Interest	61 to 90 days
	976.72	Principal	
<b>Long Term Loan from Financial Institutions</b>			
STCI Finance Limited	416.67	Principal	1 to 30 days
	51.80	Interest	61 to 90 days
	416.67	Principal	
<b>Long Term Loan for Machinery Finance from Financial Institutions</b>			
Tata Motors Finance Limited	31.03	Principal	1 to 30 days
	2.05	Interest	
Tata Capital Financial Services Limited	1.80	Principal	1 to 30 days
	0.12	Interest	
Mahindra & Mahindra Financial Services Limited	21.63	Principal	1 to 30 days

\* Period of delay in amount has been considered till the date of this audit report and includes defaults in repayment of principal and interest as at March 31, 2022. Considering the no. of instances of delay, the particulars of the delay are given in terms of period.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not declared a wilful defaulter by any bank or financial institution or government or government authority.

c) In our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.



- d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates as defined under the Act. The Company does not hold any investment in any joint venture (as defined under the Act) during the year ended 31 March 2023.
- f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. However during the year; the Company has defaulted in repayment of principal and interest in respect of loan raised in the previous years. The details of which are given hereunder:

<b>Nature of loan taken</b>	<b>Name of Lender</b>	<b>Amount of Loan defaulted during the year (Rs. In Lakhs)</b>	<b>Name of Subsidiary</b>	<b>Relation</b>	<b>Details of security pledge</b>
Long Term Loan from Banks	ICICI Bank Limited	3,712.97	Sadbhav Infrastructure Projects Limited (SIPL)	Subsidiary	10,53,15,340 shares of SIPL held by the Company

- (x) a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x) (a) of the Order is not applicable.
- b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally) during the year and hence reporting under clause (x) (b) of the Order is not applicable to the Company.
- (xi) a) Based on examination of the books and records of the Company and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.
- b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) As represented to us by the Management, there were no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) 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) a) In our opinion and based on our examination, the Company has an internal audit system which is not commensurate with the size and nature of its business.
- b) We have not considered the reports of the internal auditors for the year under audit.

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

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- (xv) The Company has not entered into non-cash transactions with directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- b) In our opinion, there is no core investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has incurred cash losses amounting to Rs. 5,507.32 Lakhs during the financial year 2022-23 and Rs. Nil in the immediately preceding financial year 2021-22.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause (xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and management plans (refer note no 55 to the standalone financial statements) and based on our examination of the evidence supporting the assumptions, it has come to our attention, which causes us to believe that material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to further viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due. (Attention is invited to Note No. 55 to the standalone financial statement and material uncertainty related to going concern paragraph in the main Audit Report)
- (xx) There is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, reporting requirement under clauses 3(xx)(a) and 3(xx)(b) of the order are not applicable.

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

**K C Patel**  
**Partner**  
Membership No.: 030083  
UDIN: 23030083BGWUWN2010

**Date: May 28, 2023**  
**Place: Ahmedabad**

**SADBHAV ENGINEERING LIMITED**  
CIN :: L45400GJ1988PLC011322  
**STANDALONE BALANCE SHEET AS AT MARCH 31, 2023**

(Rs. in Lakhs)

PARTICULARS	Note No.	As at March 31, 2023	As at March 31, 2022
<b>I ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Property, Plant & Equipment	4	12824.65	19098.70
(b) Capital Work in Progress	4	376.91	376.91
(c) Right of Use Assets	4	-	148.07
(d) Intangible Assets	4	41.22	42.88
<b>(e) Financial Assets</b>			
(i) Investments	5	57635.33	55934.11
(ii) Trade Receivables	6	2830.04	13236.35
(iii) Loans	7	5914.82	5328.67
(iv) Other Financial Assets	8	8511.37	9577.88
(f) Deferred Tax Assets (Net)	9	10115.67	10220.38
(g) Other Non Current Assets	10	-	132.34
		<b>98250.01</b>	<b>114096.29</b>
<b>(2) Current Assets</b>			
(a) Inventories	11	3304.43	10749.85
<b>(b) Financial Assets</b>			
(i) Trade Receivables	12	54439.64	59920.56
(ii) Cash and cash Equivalents	13	1121.97	2743.99
(iii) Bank balances other than (ii) above	14	493.97	975.40
(iv) Loans	15	43473.02	52066.11
(v) Other Current Financial Assets	16	28766.30	32870.75
(c) Current Tax Assets (Net)	17	2931.91	6272.88
(d) Other Current Assets	18	103054.75	102089.21
		<b>237585.99</b>	<b>267688.75</b>
<b>Total Assets</b>		<b>335836.00</b>	<b>381785.04</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	19	1715.71	1715.71
(b) Other Equity	20	106516.11	141136.82
		<b>108231.82</b>	<b>142852.53</b>
<b>(2) Liabilities</b>			
<b>(i) Non-current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	21	5143.09	29450.28
		<b>5143.09</b>	<b>29450.28</b>
<b>(ii) Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	22	109314.99	84943.71
(ia) Lease Liabilities		-	172.24
<b>(ii) Trade Payables</b>			
a. Total outstanding dues of micro and small enterprises		855.34	1574.40
b. Total outstanding dues of creditors other than micro and small enterprises		42361.98	50065.02
(iii) Other Financial Liabilities	24	30201.70	28803.59
(b) Other Current Liabilities	25	39727.08	43923.27
		<b>222461.09</b>	<b>209482.23</b>
<b>Total Equity &amp; Liabilities</b>		<b>335836.00</b>	<b>381785.04</b>

Basis of preparation, measurement and significant accounting policies 1 to 3

Notes to standalone financial statements 4 to 69

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

**For and on behalf of Board,**

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

**Dwigesh Joshi**  
**Executive Director & Chief Financial Officer**  
DIN : 09733282

**Hardik Modi**  
**Company Secretary**  
Membership No. F9193

As per our Audit Report of even date  
**For Manubhai & Shah LLP**  
**Chartered Accountants**  
Firm Regn. No. : 106041W/W100136

**K. C. Patel**  
**Partner**  
Membership No. : 030083

**Place: Ahmedabad**  
**Date : May 28, 2023**



**SADBHAV ENGINEERING LIMITED**

CIN :: L45400GJ1988PLC011322

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023**

(Rs. in Lakhs)

P A R T I C U L A R S	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income :</b>			
I Revenue from Operations	26	88917.28	122623.66
II Other Income	27	16498.71	9634.19
<b>III Total Income (I+II)</b>		<b>105415.99</b>	<b>132257.85</b>
<b>IV Expenses :</b>			
Cost of Material Consumed	28	12293.84	21013.35
Construction Expenses	29	63595.46	73032.25
Employee Benefits Expense	30	3687.39	8203.07
Finance Cost	31	16491.77	18788.45
Depreciation and Amortization Expense		4446.99	6919.73
Other Expenses	32	36796.23	73908.78
<b>Total Expenses</b>		<b>137311.68</b>	<b>201865.63</b>
V (Loss) before Exceptional Items and Tax (III-IV)		<b>(31895.69)</b>	<b>(69607.78)</b>
VI Exceptional Items	33	(2490.66)	(1365.23)
<b>VII (Loss) Before Tax (V+VI)</b>		<b>(34386.35)</b>	<b>(70973.01)</b>
VIII Tax Expense	35		
(1) Current Tax		-	-
(2) Deferred Tax		104.71	3158.75
(3) Short/(Excess) Provision for taxation for earlier years		157.32	(2500.05)
		<b>262.03</b>	<b>658.70</b>
<b>IX (Loss) for the year (VII-VIII)</b>		<b>(34648.38)</b>	<b>(71631.71)</b>
<b>X Other Comprehensive Income</b>			
Other Comprehensive Income not to be reclassified to profit or			
Re-measurement gains/(losses) on defined benefit plans (net)		27.71	168.41
Income Tax effect		-	-
Net Comprehensive Income not to be reclassified to profit or		<b>27.71</b>	<b>168.41</b>
<b>Total Comprehensive Income for the year</b>		<b>(34620.67)</b>	<b>(71463.30)</b>
<b>XI Earning per Equity Share (in Rupees)</b>	36		
Profit attributable to equity shareholders		(34620.67)	(71463.30)
Nominal value of equity share		1.00	1.00
Basic and Diluted Earning per Share (EPS)		(20.19)	(41.75)

Basis of preparation, measurement and significant accounting 1 to 3 policies

Notes to standalone financial statements 4 to 69

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

**For and on behalf of Board,**

**Shashin V. Patel**

**Chairman and Managing Director**

DIN : 00048328

As per our Audit Report of even date

**For Manubhai & Shah LLP**

**Chartered Accountants**

Firm Regn. No. :: 106041W/W100136

**K. C. Patel**

**Partner**

Membership No. :: 030083

**Place: Ahmedabad**

**Date : May 28, 2023**

**Dwighesh Joshi**

**Executive Director &  
Chief Financial Officer**

DIN : 09733282

**Hardik Modi**

**Company Secretary**

Membership No. F9193

**SADBHAV ENGINEERING LIMITED**

CIN :: L45400GJ1988PLC011322

**STATEMENT OF STANDALONE CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023****A Equity Share Capital**

(Rs. in Lakhs)

Particulars	Balance at the beginning of the reporting period	Changes in Equity Share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share capital during the year	Balance at the end of the reporting period
As at March 31, 2023	1715.71	-	-	-	1715.71
As at March 31, 2022	1715.71	-	-	-	1715.71

**B Other Equity**

(Rs. in Lakhs)

Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Retained Earning		
<b>As at April 01, 2021</b>	345.00	62994.55	1950.00	18640.18	128602.13	289.80	212821.66
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	(71,631.71)	-	(71,631.71)
Other Comprehensive Income (OCI)	-	-	-	-	-	168.41	168.41
Transfer from Reserve	-	-	(221.54)	-	-	-	(221.54)
<b>As at March 31, 2022</b>	<b>345.00</b>	<b>62994.55</b>	<b>1728.46</b>	<b>18640.18</b>	<b>56970.42</b>	<b>458.21</b>	<b>141136.82</b>
<b>As at April 01, 2022</b>	345.00	62994.55	1728.46	18640.18	56970.42	458.21	141136.82
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	(34648.41)	-	(34648.41)
Other Comprehensive Income (OCI)	-	-	-	-	-	27.70	27.70
<b>As at March 31, 2023</b>	<b>345.00</b>	<b>62994.55</b>	<b>1728.46</b>	<b>18640.18</b>	<b>22322.01</b>	<b>485.91</b>	<b>106516.11</b>

**For and on behalf of Board,**

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

**Dwighesh Joshi**  
**Executive Director & Chief Financial Officer**  
**DIN : 09733282**

**Hardik Modi**  
**Company Secretary**  
**Membership No. F9193**

As per our Audit Report of even date  
**For Manubhai & Shah LLP**  
**Chartered Accountants**  
Firm Regn. No. :: 106041W/W100136

**K. C. Patel**  
**Partner**  
**Membership No. :: 030083**  
**Place: Ahmedabad**  
**Date : May 28, 2023**

**SADBHAV ENGINEERING LIMITED**  
CIN :: L45400GJ1988PLC011322  
**STATEMENT OF STANDALONE CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2023**

(Rs. in Lakhs)

Particulars	For the Year ended March 31, 2023		For the Year ended March 31, 2022	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
<b>Net (Loss) before Tax</b>		(34386.35)		(70973.01)
<b>Adjustments For :</b>				
Interest Income	(4641.40)		(8614.79)	
Interest Expenses	16491.77		18788.45	
Depreciation & Amortisation	4446.99		6919.73	
Profit on sale of Property, Plant & Equipments	-		(2.17)	
Impairment of Contract Assets	6635.03		69391.76	
Expected Credit Loss	85.80		84.84	
Actuarial Gain/Loss	27.71		168.41	
Exceptional Items (Net)	2490.66		1365.23	
Trade Receivables no longer receivables	26337.58		-	
Trade Payables written back	(11066.47)		-	
Inventories written off	2163.40		-	
		42971.07		88860.46
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>8584.72</b>		<b>17887.45</b>
<b>Adjustment For :</b>				
Decrease of Long Term Trade Receivables	10406.26		13529.74	
(Increase) of Trade Receivables	(17067.25)		(19264.59)	
(Increase) of Other Current Assets	(11,684.81)		(6290.71)	
Decrease of Other Current Financial Assets	1120.69		1418.56	
Decrease of Other Non Current Assets	132.34		0.95	
Decrease of Other Non Current Financial Assets	1066.51		976.30	
Decrease of Inventories	5282.02		3161.23	
(Increase)/Decrease of Other Bank Balances	983.79		(1846.96)	
Increase/(Decrease) of Trade Payables	2853.40		(4250.36)	
Increase/(Decrease) of Other Current Liabilities	(4196.19)		4018.94	
Increase of Other Current Financial Liabilities	1398.11		1196.16	
		(9705.13)		(7350.74)
<b>Cash generated from Operations</b>		<b>(1120.41)</b>		<b>10536.71</b>
Tax Paid		3183.65		7786.30
<b>Net Cash flow From Operating Activities</b>		<b>2063.24</b>		<b>18323.01</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Property, Plant & Equipments and Intangible Assets	(392.41)		(588.87)	
Sales of Property, Plant & Equipments	2862.31		4945.06	
Proceeds from sale of Non Current Investments	(1701.22)		3138.76	
Other Non Current Investment	-		(2398.15)	
Loan to/reed back from Subsidiary Companies	8006.94		6339.42	
Interest Received	4641.40	13417.02	8614.79	20051.00
<b>Net Cash Flow from Investing Activities</b>		<b>13417.02</b>		<b>20051.00</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds/(Repayment) From Long Term Borrowings (Net)	(14777.53)		(20781.10)	
Proceeds/(Repayment) of Short Term Borrowings (Net)	12331.56		10491.35	
Proceeds / (Repayment) in Working Capital Loan	2510.06		(7152.72)	
Payment of Lease Liability	(172.24)		(1227.41)	
Interest Paid	(16491.77)		(18788.45)	
		(16599.92)		(37458.33)
<b>Net Cash Flow (used in) Financing Activities</b>		<b>(16599.92)</b>		<b>(37458.33)</b>
Net Increase/(Decrease) In Cash & Cash Equivalents ( A+B+C )		(1119.64)		915.68
Opening Balance Of Cash & Cash Equivalents		1434.82		519.14
<b>Closing Balance Of Cash &amp; Cash Equivalents</b>		<b>315.18</b>		<b>1434.82</b>
<b>Components Of Cash &amp; Cash Equivalents</b>				
Cash On Hand		0.26		8.56
Balance In Current Account With Banks		314.92		1426.28
		<b>315.18</b>		<b>1434.82</b>

**Changes in liabilities arising from financing activities** (Rs. In Lakhs)

Particulars	April 1, 2022	Cash Flow	Other Adjustment	March 31, 2023
Long Term Borrowings (Including Current maturities of Long Term Debts)	43611.32	(14777.53)	-	28833.79
Short Term Borrowings	70782.67	14841.62	-	85624.29
Interest Accrued	2112.23	1909.15	-	4021.38
Lease Liabilities	172.24	(172.24)	-	-
<b>Total</b>	<b>116678.46</b>	<b>1801.00</b>	<b>-</b>	<b>118479.46</b>

Particulars	April 1, 2021	Cash Flow	Other Adjustment	March 31, 2022
Long Term Borrowings (Including Current maturities of Long Term Debts)	64392.42	(20781.10)	-	43611.32
Short Term Borrowings	67444.04	3338.63	-	70782.67
Interest Accrued	3202.45	(1090.22)	-	2112.23
Lease Liabilities	1399.65	(1227.41)	-	172.24
<b>Total</b>	<b>136438.56</b>	<b>(19760.10)</b>	<b>-</b>	<b>116678.46</b>

**Notes:**

1. All Figures in bracket are cash outflow.
2. Fixed Deposits are pledged with central and various state govt/undertakings and local bodies , hence not considered in Components of Cash & Cash equivalents
3. The statement of cash flow has been prepared under indirect method as per Indian Accounting Standard -7 "Statement of Cash Flow ".
4. Balance with in current account in with banks include balances of Rs. 0.40 Lacs in Escrow Accounts.

**For and on behalf of Board,**

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

**Dwighesh Joshi**  
Executive Director &  
Chief Financial Officer  
DIN : 09733282

**Hardik Modi**  
Company Secretary  
Membership No. F9193

As per our Audit Report of even date

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

**K. C. Patel**  
Partner  
Membership No. :: 030083  
Place: Ahmedabad  
Date : May 28, 2023



**Sadbhav Engineering Limited**  
**Notes to the standalone financial statements for the year ended March 31, 2023**

**Significant Accounting Policies & Notes on Accounts**

**1. Company overview**

Sadbhav Engineering Limited, the Company 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 also engaged in carrying out the construction works as per EPC contract entered between the Company and its subsidiaries.

**2. Basis of preparation**

**2.1. Statement of compliance**

These standalone financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) including rules notified under the relevant provisions of the Companies Act, 2013, ("the Act") and guidelines issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments issued thereafter.

**2.2. Basis of measurement**

These standalone 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. The Standalone Financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

**2.4. Use of estimates**

The preparation of the standalone 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

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

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 standalone financial statements.

#### **2.5. Current versus Non-current Classification**

- a) The Company 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, except in case of trade receivables; 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.
- b) All other assets are classified as non-current.
- c) 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.
- d) 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.
- e) The Company classifies all other liabilities as non-current.
- f) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### **2.6. 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.

### **3. Summary of Significant Accounting Policies:**

#### **3.1. Property, Plant and Equipment**

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

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

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 Wok 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**

Depreciation on all Property, Plant and Equipment except vehicles is provided on straight-line method and depreciation on vehicles is provided on written down value method as per the useful life prescribed in schedule II to 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 useful life is considered lesser than those prescribed in schedule II.

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

<b>Asset Class</b>	<b>Useful life as per Schedule II</b>	<b>Useful life adopted by the company</b>
Building	30 Years	30 Years
Building component	10 Years	10 Years
Office Building	60 Years	60 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



## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

In respect of Property, Plant and Equipment purchased/sold during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use or till the date when asset is sold, as the case may be. 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.

#### **3.2. 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**

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 Company expects to be entitled in exchange for those goods or services. The specific recognition criteria described below must also be met before revenue is recognized. The company has concluded that it is principal in its revenue arrangements because it typically controls goods or services before transferring them to the customer.

##### **i. Revenue from construction / project related activity:**

- **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.
- **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 standalone 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 standalone 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.

##### **ii. Contract Balances:**

- **Contract assets**

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

A contract asset is the right to consideration in exchange for goods or services transferred to customer. If the company performs by transferring goods or 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 Receivable**

A receivable is recognised 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 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 Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

- iii. **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**

- 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.

- Dividend income**

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

- 3.3. Inventories**

- Inventories are valued at lower of cost and net realizable value. Cost of materials is determined on first-in-first-out basis except in case of items produced by the company, where the cost are derived on weighted average basis. Net realizable value is the estimated selling price less estimated cost necessary to make the sale.

- 3.4. 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.

**Sadbhav Engineering Limited**  
**Notes to the standalone financial statements for the year ended March 31, 2023**

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.

**3.5. Investment in subsidiaries**

Investments in subsidiaries are recognized at cost as per Ind AS 27. If there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in a subsidiary (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated, then it is necessary to recognize impairment loss with respect the Company's investment in a subsidiary.

**3.6. 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

**• Financial assets at amortized 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.

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

- **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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

- **Perpetual securities**

The Company invests in perpetual securities (subordinated debt), without coupon and redeemable at the issuer's option. The Company classifies this instrument as equity under Ind AS 32.

- **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 recognised in the statement of profit and loss.

In addition, the company 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 company 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 Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

- b) **Financial Liabilities**

- i. **Initial recognition and measurement of financial liabilities**



## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

The Company'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 payable, 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 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 Standalone Statement of 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 as well as through the EIR amortization process.

Amortised 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 Standalone 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 amortised cost (net of transaction costs) until it is extinguished on redemption.

##### **• Financial guarantee contracts**

Financial guarantee contracts issued by the company 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

**Sadbhav Engineering Limited**  
**Notes to the standalone financial statements for the year ended March 31, 2023**

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.

**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 liability 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the Standalone Statement of Profit and 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 Company currently has enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**3.7. Impairment**

• **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.

• **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.

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

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.

- **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. Fair Value Measurements**

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.

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

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 standalone 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.

#### **3.9. 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.



## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

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.

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.

#### **3.10. Borrowing Cost**

Borrowing cost includes interest and other costs that company has incurred in connection with the borrowing of funds.

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.

#### **3.11. Employee Benefits**

##### **a) Short Term Employee Benefits**

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

All employee benefits payable are 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 Standalone 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 Company's approved provident fund scheme is defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is recognized and charged to Standalone Statement of Profit and Loss during the period in which the employee renders the related service.

##### **(ii) Defined benefit plan**

The employee's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet.

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 Standalone 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 Company recognizes the following changes in the net defined benefit obligation as an expense in the Standalone 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 company 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 Company's policy, no leave are expected to be carried forward beyond 12 months from the reporting date.

### **3.12. Provisions, Contingent Liabilities & Contingent Assets**

#### **a) Provision**

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

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.

#### **b) Contingent Liabilities and Commitments :**

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 standalone financial statements.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

#### **c) Contingent Assets :**

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 Transactions & Translations**

#### **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**

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

The company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

#### **i. Exchange differences arising from translation of foreign currency monetary items:**

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset and exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Translation Account" and amortised 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.

#### **iii. Exchange differences arising from translation of foreign currency non monetary items:**

Nonmonetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

### **3.14. Cash & 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. Trade Receivables**

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the EIR method, less provision for impairment. Trade receivables ageing has been presented based on the date of transactions.

### **3.16. Trade Payables**

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method. Trade payables ageing has been presented based on the due date of transactions.



**Sadbhav Engineering Limited**  
**Notes to the standalone financial statements for the year ended March 31, 2023**

**3.17. Earning 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.

**3.18. Lease**

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 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 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.

**3.19. 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

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

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 Financial Officer and Executive Director.

#### **3.20. Investment Property**

Investment Property is measured initially at cost including related transaction costs. Such cost comprises the purchase price, 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 Standalone Statement of profit and loss for the period during which such expenses are incurred.

An Investment property is derecognized 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 profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use.

#### **3.21. Cash Dividend Distribution to Equity Shareholders**

The company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. 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.

#### **3.22. Non-Current Assets Held for Sale**

The Company 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.

## **Sadbhav Engineering Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2023**

#### **3.23. Significant Accounting judgements, estimates & estimates**

The preparation of the Company's Standalone 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 Company based its assumptions and estimates on parameters available when the Standalone 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 Company. Such changes are reflected in the assumptions when they occur.

#### **Impairment of Investments**

The Company reviews its carrying value of its investments carried at cost annually, or more frequently when there is indication for impairments. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

#### **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.

#### **Revenue from contract with customer**

The Company uses the input method for recognizing construction revenue. Use of the input method requires the company 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 towards 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.

#### **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

**Sadbhav Engineering Limited**  
**Notes to the standalone financial statements for the year ended March 31, 2023**

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.

**3.24. Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such material items are disclosed separately as exceptional items.

**3.25. Recent Accounting Pronouncements**

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below.

**1. Ind AS 1 - Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

**2. Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

**3. Ind AS 12 - Income Taxes**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.



**Note No. 4**

**Property, Plant and Equipment**

**(A) Owned Assets**

(Rs. in Lakhs)

Property, Plant and Equipment								Capital Work in Progress	Intangible Assets Computer Software
Particulars	Land	Building	Plant and Machinerics	Furniture	Vehicles	Office Equipment	Total Property, Plant and Equipment		
<b>Cost</b>									
As at 01/04/2021	1109.24	4113.58	57046.56	1646.96	630.03	266.69	64813.05	376.91	765.21
Addition	-	-	565.56	-	22.48	0.83	588.87	-	-
Disposal	-	-	10269.00	-	21.06	-	10290.07	-	-
As at 31/03/2022	1109.24	4113.58	47343.12	1646.96	631.45	267.53	55111.86	376.91	765.21
Addition	-	-	392.41	-	-	-	392.41	-	-
Disposal	-	1794.28	2019.92	485.44	64.19	-	4363.83	-	-
As at 31/03/2023	1109.24	2319.30	45715.61	1161.51	567.25	267.53	51140.44	376.91	765.21
<b>Accumulated Depreciation</b>									
As at 01/04/2021	-	493.04	34779.70	998.97	443.61	179.36	36894.68	-	717.08
Addition	-	85.24	5478.86	173.65	50.25	38.58	5826.57	-	5.25
Disposal	-	-	6689.88	-	18.19	-	6708.07	-	0.00
As at 31/03/2022	-	578.28	33568.68	1172.62	475.66	217.94	36013.19	-	722.33
Charge for the Year	-	72.31	4015.05	155.45	38.52	15.94	4297.26	-	1.66
Disposal	-	267.71	1278.25	389.50	59.16	0.00	1994.62	-	0.00
As at 31/03/2023	-	382.88	36305.48	938.56	455.02	233.88	38315.83	-	723.98
<b>Net Book Value</b>									
As at 31/03/2022	1109.24	3535.30	13774.44	474.34	155.78	49.58	19098.67	376.91	42.88
As at 31/03/2023	1109.24	1936.42	9410.13	222.95	112.24	33.65	12824.65	376.91	41.22

**Notes :-**

1. The Company has applied estimated useful lives different than as specified in Schedule II to the Companies Act, 2013 in respect of certain assets as disclosed in accounting policy on depreciation on the basis of working of machinerics 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. Consequently, charge of depreciation is higher by Rs. 398.41 lakhs (Rs. 620.69 lakhs) as compared to depreciation that would have been charged based on useful life as prescribed in Schedule II.

2. Refer Note No 43 for information on property, plant and equipment pledged as security

3. There are no restriction on title of property, plant and equipments and Intangible Assets

4. There is no contractual commitment on acquisition of property, plant and equipment and intangible assets

5. Capital Work in progress balance is relating to office Building of Rs. 376.91 Lakhs (Rs. 376.91 lakhs)

6. The Company has not done revaluation of PPE / Intangible assets during the year.

7. CWIP Ageing Schedule

Project in progress

(Rs. in Lakhs)

CWIP	<1 year	1-2 years	2-3 years	>3 years	Total
As at 31st March 2023	-	-	-	376.91	376.91
As at 31st March 2022	-	-	50.82	326.09	376.91

8. CWIP Completion Schedule

Project in progress

(Rs. in Lakhs)

CWIP	<1 year	1-2 years	2-3 years	>3 years	Total
As at 31st March 2023	-	-	38.80	762.72	801.52
As at 31st March 2022	-	-	-	762.72	762.72

**(B) Right of Use Assets (Leased Assets)**

(Rs. in Lakhs)

Particulars	Plant & Equipment
<b>Movement During The Year</b>	
Balance as at 1st April 2021	4873.24
Addition	-
Disposals	-
Balance as at 31st March 2022	4873.24
Addition	-
Disposals	4873.24
Balance as at 31st March 2023	-
<b>Accumulated Depreciation</b>	
Balance as at 1st April 2021	3637.26
Addition	1087.91
Disposals	-
Balance as at 31st March 2022	4725.17
Addition	148.07
Disposals	4873.24
Balance as at 31st March 2023	-
Net Block as at 31st March,2023	-
Net Block as at 31st March,2022	148.07

The total cash outflow for leases is Rs. 172.24 Lakhs (Rs. 1227.41 Lakhs) for the year ended 31st March, 2023. Interest on lease liabilities is Rs. 5.79 Lakhs (Rs. 76.96 Lakhs) for the year.

The Company's leases mainly comprise of plant and equipment.

<b>PARTICULARS</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>5 Investments</b>		
<b>5.1 Investments in Equity Instruments of Subsidiary Companies</b>		
<b>(A) Quoted</b>		
(i) <b>Sadbhav Infrastructure Project Ltd.</b> 24,57,21,252(24,57,21,252) Fully Paid up Equity Shares of Rs. 10/-each	49255.72	49255.72
Out of 24,57,21,252 (24,57,21,252) shares held in Sadbhav Infrastructure Project Ltd., 24,57,21,252 (24,57,21,252) Shares have been pledged with different Bank & Financial Institution as under ;		
<b>Total No of shares pledged</b>	<b>245721252</b>	<b>245721252</b>
* Shares have been pledged for borrowing by promoter company.		
** Shares have been pledged for borrowing by step down subsidiary.		
(ii) <b>Equity componment of unsecured interest free loan to Sadbhav Infrastructure Project Ltd.</b>	3513.19	3513.19
	<b>52768.91</b>	<b>52768.91</b>
<b>(B) Unquoted</b>		
(a) <b>Rohtak-Hissar Tollway (P) Limited</b> 100 (100) Fully paid up Equity Shares of Rs.10/-each	0.01	0.01
(b) <b>Sadbhav Gadag Highway Pvt. Ltd.</b> 2,40,31,500 (2,40,31,500) Fully paid up Equity Shares of Rs.10/-each	2403.15	2403.15
	<b>2403.16</b>	<b>2403.16</b>
<b>5.2 Investments in Equity Instruments of Other Companies-Unquoted</b>		
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>55.54</b>	<b>55.54</b>
<b>5.3 Investments in Bonds and Debentures</b>		
(a) 12.5% 10 (10) Debentures of Srei Equipment Finance Ltd of Rs. 10,00,000/- each. - Unquoted (Refer Note No 33)	100.00	100.00
(b) 9.25% 20000 (20000) Debentures of Srei Equipment Finance Ltd of Rs. 1,000/- each. - Unquoted (Refer Note No 33)	200.00	200.00
Less: Provision for Impairment in Value of Investments	(298.00)	(298.00)
	<b>2.00</b>	<b>2.00</b>
<b>5.4 Investment in Subsidiaries-Sub Debt</b>		
Sadbhav Gadag Highway Private Ltd	2405.72	689.72
	<b>2405.72</b>	<b>689.72</b>
<b>5.5 Investments in Government Securities</b>		
National Saving Certificate	-	14.78
	-	<b>14.78</b>
<b>Total</b>	<b>57635.33</b>	<b>55934.11</b>
(i) Aggregate Value of Unquoted Investments Rs. 4866.42 Lakhs (Rs. 3165.20 Lakhs)		
(ii) Aggregate Value of Quoted Investments Rs. 52768.91 Lakhs (Rs. 52768.91 Lakhs)		
(iii) Market Value of Quoted Investments of Rs. 7371.64 Lakhs (Rs.22114.91 Lakhs), Refer note no. 50		
(iv) Refer Note No.46 for related party transactions and outstanding balances.		
<b>6 Trade Receivables</b>		
Trade Receivables considered good – Secured	-	-
Unsecured, considered good	4027.41	14347.92
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables – credit impaired	-	0.00
Less: Allowance for expected credit loss	1197.37	1111.57
<b>Total</b>	<b>2830.04</b>	<b>13236.35</b>

PARTICULARS	As at March 31, 2023	As at March 31, 2022
<b>The movement in change in allowance for expected credit loss and credit impaired</b>		
Balance as at beginning of the year	1111.57	267.73
Change in allowance for expected credit loss	85.80	843.84
Balance as at the end of the year	<b>1197.37</b>	<b>1111.57</b>

Management is of the opinion that amount recoverable is not less than the amount stated, hence no impairment is required. Refer Note no 54

**As at 31st March, 2023**

Particulars	Outstanding from due date of payment *					Total
	<6 months	6 months - 1 year	1-2 years	2-3 years	>3 years	
Undisputed Trade Receivable-Considered Good	-	-	-	-	-	-
Undisputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good	-	-	-	-	4027.42	<b>4027.42</b>
Disputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Less: Allowance for expected credit loss	-	-	-	-	(1197.38)	<b>(1197.38)</b>
<b>Total</b>	-	-	-	-	<b>2830.04</b>	<b>2830.04</b>

**As at 31st March, 2022**

Particulars	Outstanding from due date of payment *					Total
	<6 months	6 months - 1 year	1-2 years	2-3 years	>3 years	
Undisputed Trade Receivable-Considered Good	332.03	-	67.27	5931.52	2841.82	<b>9172.64</b>
Undisputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good	-	-	-	382.69	4792.59	<b>5175.28</b>
Disputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Less: Allowance for expected credit loss	(1.81)	-	(0.25)	(67.09)	(1,042.42)	<b>(1,111.57)</b>
<b>Total</b>	<b>330.22</b>	-	<b>67.02</b>	<b>6247.12</b>	<b>6591.99</b>	<b>13236.35</b>

\* Due date of payment is the date of transaction  
Refer Note No 43 for information on Trade receivable offered as security

**7 Loans**

**Unsecured, considered good**

**Loans to related parties**

Loan to Subsidiary Company-Interest free

	5914.82	5328.67
<b>Total</b>	<b>5914.82</b>	<b>5328.67</b>

(Refer note no. 46 and 50)

**8 Other Financial Assets**

(a) Security & Other Deposits (Refer Note no 54 )

8312.97

8312.97

(b) Bank Deposits with more than 12 months Maturity\*

198.40

1264.91

	<b>8511.37</b>	<b>9577.88</b>
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\* Fixed Deposits are pledged with central and various State Govt/Undertakings and local bodies.

**9 Deferred Tax Assets (Net)**

Deferred tax Assets ( Net ) (Refer Note No. 35.4)

10115.67

10220.38

**10115.67**

**10220.38**

**10 Other Non Current Assets**

**Capital Advance**

Group Gratuity Plan Assets (Net of Liabilities)

-

132.34

	-	<b>132.34</b>
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**11 Inventories**

(a) Construction Materials

2957.91

9128.10

(b) Stores & Spares

346.52

1621.75

	<b>3304.43</b>	<b>10749.85</b>
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Refer Note No 43 for information on inventories offered as security

**Sadbhav Engineering Limited**  
Notes forming Part of the financial statements

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2023	As at March 31, 2022
<b>12 Trade Receivables</b>		
Trade Receivables considered good – Secured	-	-
<u>(Unsecured, considered good)</u>		
(a) Receivable from related parties	18542.50	28811.65
(b) Receivable from Others	35897.14	31108.91
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables – credit impaired	-	-
Less: Allowance for credit impairment	-	-
<b>Total</b>	<b>54439.64</b>	<b>59920.56</b>

**As at 31st March, 2023**

Particulars	Outstanding from due date of payment *					Total
	<6 months	6 months - 1 year	1-2 years	2-3 years	>3 years	
Undisputed Trade Receivable-Considered Good	26459.22	-	6795.69	14112.26	7072.47	54439.64
Undisputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good Doubtful	-	-	-	-	-	-
<b>Total</b>	<b>26459.22</b>	<b>-</b>	<b>6795.69</b>	<b>14112.26</b>	<b>7072.47</b>	<b>54439.64</b>

**As at 31st March, 2022**

Particulars	Outstanding from due date of payment *					Total
	<6 months	6 months - 1 year	1-2 years	2-3 years	>3 years	
Undisputed Trade Receivable-Considered Good	51073.60	-	4267.55	4578.24	1.17	59920.56
Undisputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good Doubtful	-	-	-	-	-	-
<b>Total</b>	<b>51073.60</b>	<b>-</b>	<b>4267.55</b>	<b>4578.24</b>	<b>1.17</b>	<b>59920.56</b>

\* Due date of payment is the date of transaction  
Refer Note No 43 for information on Trade receivable offered as security

**13 Cash and Cash Equivalents**

<b>13.1 Balance with Banks</b>		
(a) In Current Accounts **	314.92	1426.28
(b) In Fixed Deposit Accounts* (Maturity up to 3 months)	806.79	1309.15
	<b>1121.71</b>	<b>2735.43</b>
<b>13.2 Cash On Hand</b>	0.26	8.56
<b>Total</b>	<b>1121.97</b>	<b>2743.99</b>

\* Fixed Deposits are pledged with central and various State Govt/Undertakings and local bodies.

\*\* Balance with in current account in with banks include balances of Rs. 0.40 lacs in Escrow Accounts.

**14 Bank balance other than Cash and Cash Equivalents**

In earmarked Accounts		
(a) Unclaimed Dividend	1.51	1.75
(b) Maturity more than 3 months but upto 12 months*	492.46	973.65
	<b>493.97</b>	<b>975.40</b>

\* Fixed Deposits are pledged with central and various State Govt/Undertakings and local bodies.

**15 Loans**

**Unsecured, considered good**

Loan to Subsidiary and step down Subsidiaries Companies (Refer note no. 50)	43919.06	48852.96
Loan to Others	1025.72	3213.15
Less: Provision for Impairment in the carrying value on loan given to stepdown subsidiary Company	1471.76	-
<b>Total</b>	<b>43473.02</b>	<b>52066.11</b>



PARTICULARS	As at March 31, 2023	As at March 31, 2022
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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) and additional regulatory information as required by Schedule III

(a) Loans given to Subsidiaries and step down Subsidiaries having no repayment schedule

Name of Subsidiaries	2022-23			2021-22		
	Maximum Balance	Closing Balance	%	Maximum Balance	Closing Balance	%
Sadbhav Infrastructure Project Limited	37834.62	27823.16	64.00%	49195.63	32703.44	62.81%
Rohtak Panipat Tollway Pvt. Ltd. (Refer Note No. 49 )	14624.14	14624.14	33.64%	13943.8	13943.80	26.78%
Rohtak Hissar Tollway Pvt. Ltd. (Refer Note No. 49 )	1471.76	-	0.00%	1471.76	1471.76	2.83%
Sadbhav Bangalore Highway Pvt. Ltd.	1512.00	-	0.00%	1180.00	1180.00	2.27%

(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 fund the temporary mismatch in cash flow.

(d) Refer Note No. 46 for Related party transactions and outstanding balances.

**16 Other Current Financial Assets**

(i) Interest accrued on loans to subsidiaries		3214.15	4014.40
(ii) Security & Other Deposits		24537.76	25327.41
(iii) Other Receivable From subsidiaries		1014.39	3528.94
<b>Total</b>		<b>28766.30</b>	<b>32870.75</b>

Refer Note No. 46 for Related party transactions and outstanding balances.

**17 Current Tax Assets (Net)**

Advance Income Tax		2931.91	6272.88
Less : Provision for Income Tax		-	-
<b>Total</b>		<b>2931.91</b>	<b>6272.88</b>

**18 Other Current Assets**

18.1	Advances other than capital advances		
	Advances for goods and Services	11606.59	10707.32
		<b>11606.59</b>	<b>10707.32</b>
18.2	<b>Others</b>		
	(a) Balance with Statutory Authorities	6506.05	6493.15
	(b) Contract Assets	83647.67	152218.79
	Less: Provision for Impairment of Contract Assets ( Refer Note No. 52)	-	(69391.76)
		<b>83647.67</b>	<b>82827.03</b>
	(c) Prepaid Expenses	1082.96	1920.39
	(d) Group Gratuity Plan Assets (Net of Liabilities)	211.47	141.32
		<b>91448.15</b>	<b>91381.89</b>
	<b>Total</b>	<b>103054.75</b>	<b>102089.21</b>

**Sadbhav Engineering Limited**  
Notes forming Part of the financial statements

(Rs. in Lakhs)

PARTICULARS		As at March 31, 2023	As at March 31, 2022
<b>19</b>	<b>Equity Share Capital</b>		
(a)	Authorized Share Capital: 20,00,00,000 (20,00,00,000) Equity Shares of Re.1/- each	2000.00	2000.00
(b)	Issued, Subscribed and fully paid 17,15,70,800 (17,15,70,800) Equity Shares of Re.1/- each	1715.71	1715.71
(c)	Reconciliation of Nos. of Equity Shares :		
	Outstanding at the beginning and end of the Year	(Nos.) 171570800	171570800
	Addition/(Reduction) during the period	(Nos.) -	-
	Outstanding at the end of the Year	(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 Re. 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 residual 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. There are no preferential amount as on balance sheet date .		

(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 31.03.2023		As at 31.03.2022	
	No. of shares	% held	No. of shares	% held
Sadbhav Finstock Private Limited	15295275	8.91%	16545275	9.64%
Shantaben V. Patel	41388091	24.12%	49086135	28.60%
HDFC Small Cap Fund	14684526	8.56%	15856599	8.80%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(f) Shareholding of Promoters

Sr No.	Name of Promoters	As at 31.03.2023		% Change during the year	As at 31.03.2022		% Change during the year
		No. of Shares held	% of total shares		No. of Shares held	% of total shares	
1	Shantaben Vishnubhai Patel	41388091	24.12	(4.47)	49061199	28.60	(0.01)
2	Vikram Rasiklal Patel	2859749	1.67	(0.94)	4468750	2.60	(0.10)
3	Vasistha Chandulal Patel	1869535	1.09	(0.79)	3225535	1.88	(0.12)
4	Shashin Vishnubhai Patel	2388866	1.39	-	2388866	1.39	(1.86)
5	Bhavna Vikramkumar Patel	437500	0.25	-	437500	0.25	-
6	Rekhaben Vasisthakumar Patel	437500	0.25	-	437500	0.25	-
7	Sadbhav Finstock Private Limited	15295275	8.91	(0.73)	16545275	9.64	-
	<b>Total</b>	<b>64676516</b>	<b>37.70</b>	<b>(6.93)</b>	<b>76564625</b>	<b>44.63</b>	<b>(2.09)</b>

**20 Other Equity**

(a)	Capital reserve		
	As per Last Balance Sheet		
	<b>Closing Balance</b>	345.00	345.00
		<b>345.00</b>	<b>345.00</b>

The promoter of the company, to whom the company had allotted 6,00,000 warrants on July 31, 2007, did not exercise option to convert the said warrants into equity shares of the company before the due date January 31, 2009, and the right has since lapsed. As per the term of issue of warrants, the application money received at the time of subscribing the said warrants has been forfeited and the same has been transferred to the Capital Reserve. The same can not be used for distribution of profits to the share holders as a dividend.

(b)	Securities Premium		
	As per Last Balance Sheet		
	<b>Closing Balance</b>	62994.55	62994.55
		<b>62994.55</b>	<b>62994.55</b>

Securities premium is used to record the premium on issue of shares. The premium is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

(c)	Debenture Redemption Reserve		
	As per Last Balance Sheet	1728.46	1950.00
	Addition/(Deduction) during the year	-	(221.54)
	<b>Closing Balance</b>	<b>1728.46</b>	<b>1728.46</b>

**Sadbhav Engineering Limited**  
**Notes forming Part of the financial statements**

(Rs. in Lakhs)

P A R T I C U L A R S	As at March 31, 2023	As at March 31, 2022
<p>The Company has issued redeemable non-convertible debentures. In respect thereof, the Companies (Share capital and Debentures) Rules 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profit of the company available for payment of dividend. DRR is required to be created to an amount equal to 25% of the value of debentures issued over the life of debenture. Upon redemption of debenture, DRR amount are transferred to general reserve.</p>		
<p>As per Companies (Share Capital and Debentures) Amendment Rules, 2019 dated August 16, 2019, issued by the Ministry of Corporate Affairs, listed companies are exempt from creation of DRR. The company has carried forward opening balance of DRR which pertains to earlier reporting period.</p>		
(d) General Reserves		
As per Last Balance Sheet	18640.18	18640.18
<b>Closing Balance</b>	<b>18640.18</b>	<b>18640.18</b>
<p>The general reserve is a free reserve which is used on time to time to transfer profits from retained earnings for appropriation purposes.</p>		
(e) Other Comprehensive Income		
As per Last Balance Sheet	458.21	289.80
Addition during the year	27.70	168.41
<b>Closing Balance</b>	<b>485.91</b>	<b>458.21</b>
(f) Retained Earnings		
As per last Balance Sheet	56970.42	128602.13
Net (Loss) for the year	(34648.41)	(71631.71)
<b>Closing Balance</b>	<b>22322.01</b>	<b>56970.42</b>
<p>Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.</p>		
<b>Total</b>	<b>106516.11</b>	<b>141136.82</b>

**21 Non Current Borrowings**

**Measured at Amortised Cost**

**(a) Bonds/Debentures**

*(Secured)*

Secured redeemable non-convertible debentures

(i) Udhay Vij Reality Private Ltd. 450 debenture of Rs. 10 lakhs each (Previously held by ICICI Prudential Asset Management 675 debentures of Rs. 10 lakhs each)	4500.00	6750.00
(ii) Centrum Credit Opportunities Trust 15500 (15500) debentures of Rs. 0.65 lakh each	10075.00	15500.00
Less Current Maturities (Refer Note No. 22.3)	13525.00	7675.00
	<b>1050.00</b>	<b>14575.00</b>

**Details of Security :**

NCDs of Udhay Vij Reality Private Ltd are secured against the following :

- First charge on specific / unencumbered machinery / equipments.
- First charge on 5,88,72,945 shares of Sadbhav Infrastructure Project Limited (SIPL) held by SEL.
- Pledge of 24,40,667 shares of Ahmedabad Ring Road Infrastructure Limited held by SIPL.

NCDs of Centrum Credit Opportunities trust are secured against the followings:

- Mortgage over certain identified immovable properties of the Company and promoters.
- First charge on 3,81,97,436 shares of Sadbhav Infrastructure Project Limited (SIPL) held by SEL.
- Pledge of 35,00,000 Fully Paid up equity shares of the Company held by specific entity from the promoters group.

**Terms of Repayment**

NCDs of Udhay Vij Reality Private Ltd, having yearly coupon rate of 12.50% are repayable in yearly unequated installments till June 2023.

NCDs of Centrum Credit Opportunities Trust, having yearly coupon rate of 11.50% are repayable in unequal quarterly installments till September 2024.

**(b) Term Loans**

Secured

**(i) From Banks:-**

Rupee Term Loan	9297.53	14295.55
Less Current Maturities (Refer Note No. 22.3)	7057.81	4819.37
	<b>2239.72</b>	<b>9476.18</b>

PARTICULARS	As at March 31, 2023	As at March 31, 2022
<b>Details of Securities</b>		
a In case of equipment finance term loan Hypothecation of specific machineries and equipments purchased.		
b First Charge and Subservient charge on movable fixed asset of the company.		
c Pledge of 10,53,15,340 Fully Paid up unencumbered, freely transferable equity shares of SIPL held by the Company.		
d Extension of charge on First Pari-passu Charge by way of Hypothecation on Stocks/ Book Debts/ Work in Progress at Various sites.		
e Mortgage of some of the immovable properties of the Company as a collateral security.		
(ii) <b>From Financial Institutions</b>	4961.26	7065.77
Less Current Maturities (Refer Note No. 22.3)	3107.89	1666.67
	<b>1853.37</b>	<b>5399.10</b>
<b>Total</b>	<b>5143.09</b>	<b>29450.28</b>

**Details of Securities**

- a Mortgage of share in identified immovable property owned by one of the promoters.  
b Pledge of 2,76,20,270 Fully Paid up unencumbered, freely transferable equity shares of the Company held by some of the promoters.  
c Hypothecation of specific machineries and equipments financed by the respective financial institution.  
d Personal Guarantee of one of the directors and chief executive officer.

**Terms of repayment**

Term Loans from Banks/ Financial Institutions are repayable in monthly/quarterly instalments over a period of 24 months to 48 months

**22 Short-Term Borrowings**

**Measured at Amortised Cost**

**22.1 Loans repayable on demand**

Secured

Working capital facilities from banks	59380.26	56783.46
Cash credit facilities from banks	1495.23	1581.97
	<b>60875.49</b>	<b>58365.43</b>

**Details of Securities**

- (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 one of the directors and some of the promoters.

Unsecured

From Banks	660.00	600.00
	<b>660.00</b>	<b>600.00</b>
	<b>61535.49</b>	<b>58965.43</b>

As at 31 March 2023, the Company had defaulted in repayment of borrowings (non-current and current) including interest thereon. The item-wise breakup is as under:

Sr No.	Category	Period	Principal	Interest
1	Term Loan from Banks	1 to 30 days	196.29	42.54
		31 to 90 days	387.47	90.19
		91 days above	2505.53	311.73
2	Term Loan from Financial Institutions	1 to 30 days	23.69	53.03
		31 to 90 days	322.53	248.88
		91 days above	183.48	-
3	Working Capital Demand Loans	1 to 30 days	2590.00	165.25
		31 to 90 days	780.00	517.69
		91 days above	1800.00	696.00
<b>Total</b>			<b>8789.00</b>	<b>2125.30</b>

**22.2 Loan from Related Parties and others - Unsecured**

From a Director and Promoter	20139.11	11676.24
From a company in which some of the directors are directors	3949.69	141.00
	<b>24088.80</b>	<b>11817.24</b>

- (a) Related party transactions and outstanding balances Refer Note No.46

**22.3 Current Maturities of Long term debts**

Non Convertible Debentures (Refer Note No. 21(a) )	13525.00	7675.00
Loan from Banks (Refer Note No. 21(b) i)	7057.81	4819.37
Loan from Financial Institutions (Refer Note No. 21(b) ii)	3107.89	1666.67
	<b>23690.70</b>	<b>14161.04</b>
<b>Total</b>	<b>109314.99</b>	<b>84943.71</b>



PARTICULARS	As at March 31, 2023	As at March 31, 2022
<b>23 Trade Payables</b>		
Total outstanding dues of micro and small enterprises *	855.34	1574.40
Total outstanding dues other than micro and small enterprises	42361.98	50065.02
<b>Total</b>	<b>43217.32</b>	<b>51639.42</b>

Related party transactions and outstanding balances Refer Note No.46

[\*] Disclosure in respect of Micro, Small and Medium Enterprises:

A	Principal amount remaining unpaid to any supplier as at year end	855.34	1574.40
B	Interest due thereon	259.84	53.81
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	-	-
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	-	-
E	Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
F	Amount of further interest remaining due and payable in succeeding years	-	-

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.

**As at 31 March 2023**

Particulars	Unbilled Dues	Not Due	Outstanding from due date of payment *				Total
			<1 year	1-2 years	2-3 years	>3 years	
MSME			36.81	200.70	20.22	-	257.73
Other		346.76	17753.21	6502.47	901.42	1019.62	26523.48
Disputed Dues-MSME			0.01	12.17	585.43		597.61
Disputed Dues-Others			1303.79	2823.86	5285.02	6772.58	16185.25
<b>Total</b>		<b>346.76</b>	<b>19093.82</b>	<b>9539.20</b>	<b>6792.09</b>	<b>7792.20</b>	<b>43564.07</b>

**As at 31 March 2022**

Particulars	Unbilled Dues	Not Due	Outstanding from due date of payment *				Total
			<1 year	1-2 years	2-3 years	>3 years	
MSME			197.13	726.66			923.79
Other		3393.56	20154.19	9224.72	4481.93	2898.32	40152.72
Disputed Dues-MSME				650.61			650.61
Disputed Dues-Others			1511.43	1415.69	6365.89	619.29	9912.30
<b>Total</b>		<b>3393.56</b>	<b>21,862.75</b>	<b>12017.68</b>	<b>10,847.82</b>	<b>3,517.61</b>	<b>51,639.42</b>

\* Due date of payment is the date of transaction

**24 Other Financial Liabilities**

(a) Interest Accrued	4021.38	2112.23
(b) Unclaimed Dividend *	1.51	1.75
(c) Employee Emoluments Payable	1795.14	2508.27
(d) Security & Other Deposits	24383.67	24181.34
<b>Total</b>	<b>30201.70</b>	<b>28803.59</b>

\* There are no amounts due to be transferred to the Investor Education and Protection Fund u/s 125 of the Companies Act, 2013 as on March 31, 2023 (As on March 31, 2022 - Rs. Nil)

**25 Other Current Liabilities**

(a) Creditors for Capital Goods	229.18	716.46
(b) Statutory Dues	514.88	1352.99
(c) Contract Liabilities (Mobilization Advance)	33611.28	32425.69
(d) Other Advances	5371.74	9428.13
<b>Total</b>	<b>39727.08</b>	<b>43923.27</b>

**Sadbhav Engineering Limited**  
**Notes forming Part of the financial statements**

(Rs. in Lakhs)

P A R T I C U L A R S	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>26 Revenue from Operations</b>		
(a) Sale Of Products & Services		
Contract Revenue*	88481.85	121832.08
(b) Other Operating Revenue		
Sale Of Scrap	435.43	791.58
<b>Total</b>	<b>88917.28</b>	<b>122623.66</b>
* Refer note no. 37		
Related party transactions and outstanding balances Refer Note No.46		
<b>27 Other Income</b>		
(a) Interest on financial assets measured at amortised cost		
(i) Interest from Subsidiaries and step-down subsidiaries	4102.02	5311.66
(ii) Interest on Fixed Deposits	211.40	305.78
(b) Interest On Income Tax Refund	327.98	2958.13
(c) Other Interest	0.00	39.22
(d) Gain on foreign exchange fluctuation	0.00	26.60
(e) Miscellaneous Income - Refer Note No.47	11857.31	992.80
<b>Total</b>	<b>16498.71</b>	<b>9634.19</b>
Related party transactions and outstanding balances Refer Note No.46		
<b>28 Cost of Material Consumed</b>		
Opening Stock	9128.10	11789.29
Add Purchase	6123.64	18352.16
	15251.74	30141.45
Less Closing Stock of Material	2957.90	9128.10
<b>Total</b>	<b>12293.84</b>	<b>21013.35</b>
<b>29 Construction Expenses</b>		
Labour Expenses	60802.65	61392.92
Power & Fuel	1041.45	6466.39
Stores Consumed	251.16	623.54
Repairs & Maintenances-Construction Machinerics	76.64	413.01
Transportation Expenses	205.28	1440.74
Machinery Rent	684.23	1413.15
Land & Godown Rent	281.49	614.15
Site Establishment Expenses	54.01	190.99
Mess Expenses	131.27	477.36
Corporate Social Responsibility Expenses	67.28	
<b>Total</b>	<b>63595.46</b>	<b>73032.25</b>
<b>30 Employee Benefits Expense</b>		
Salaries & Wages	3389.74	7735.33
Contribution to PF and Other Funds	181.53	354.31
Group Gratuity Fund Expenses	59.54	7.93
Staff Welfare Expenses	56.58	105.50
<b>Total</b>	<b>3687.39</b>	<b>8203.07</b>
<b>31 Finance Cost</b>		
(a) Interest Expenses on financial liabilities measured at amortized cost		
On NCDs	2902.34	3185.91
On Term Loan	1920.50	3747.97
On Working capital facility	8614.66	8433.32
(b) Interest on Statutory Dues	424.90	311.35
(c) Other Borrowing Costs - Bank Charges & Other Service Charges	2629.37	3109.90
<b>Total</b>	<b>16491.77</b>	<b>18788.45</b>

**Sadbhav Engineering Limited**  
**Notes forming Part of the financial statements**

(Rs. in Lakhs)

P A R T I C U L A R S	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>32 Other Expenses</b>		
Rent	8.58	24.67
Rates & Taxes	1226.21	552.52
Insurance	143.45	788.97
Legal & Professional Fees	1485.53	946.66
Corporate Social Responsibility Expenses	0.00	269.71
Provision for Impairment of Contract Assets (Refer Note No. 52)	0.00	69391.76
Contract Assets Written Off (Refer Note No. 51)	6635.03	0.00
Donation	14.35	24.28
Allowance for Expected Credit Loss	85.80	843.84
Auditors Remuneration	60.00	60.00
Trade and Other Receivable Written off	26337.58	0.00
Miscellaneous Expenses	799.70	1006.37
<b>Total</b>	<b>36796.23</b>	<b>73908.78</b>
<b>32.1 Payment to Auditors</b>		
(i) For Audit	45.00	45.00
(ii) For Certification Works	15.00	15.00
<b>Total</b>	<b>60.00</b>	<b>60.00</b>

**32.2** As per Section 135 of the Companies Act, 2013, Corporate Social Responsibility (CSR) committee has been formed by the Company. The Company is liable to incur CSR expense as per requirement of Section 135 of Companies Act, 2013. Accordingly, it has incurred expenses of Rs 67.28 (Rs. 269.71 Lakhs) on the activities which are specified in Schedule VII to the Companies Act, 2013.

(a) Gross amount as per the limits of Section 135 of the Companies Act, 2013 : Rs. 65.55 Lakhs ( Rs. 252.97 Lakhs)

(b) Amount spent during the period : Rs. 67.28 Lakhs (Rs 269.71 Lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
(i) Amount required to be spent by the company during the year	65.55	252.97
(ii) Amount of expenditure incurred	67.28	269.71
(iii) Shortfall at the end of the year	0.00	0.00
(iv) Total of previous years shortfall	0.00	0.00
<b>Total amount contributed during the year</b>	<b>67.28</b>	<b>269.71</b>
(v) Reason for shortfall	N.A.	N.A.
(vi) Nature of CSR activities	Rural Development Projects	Rural Development Projects
(vii) Out of note (b) above Nil (Nil) contributed to Related Party.		

**33 Exceptional Items Include**

Net profit/(loss) on sale of assets	493.10	(1,067.23)
Impairment in carrying value of investments	-	(298.00)
(Loss) on endorsement of concession on substitution of the Sadbhav Bangalore Highway Private Limited (SBGHPL), a step down subsidiary	(1,512.00)	-
Provision for impairment on loan given to Rohtak Hissar Tollway Private Ltd., a step down subsidiary	(1,471.76)	-
<b>Total</b>	<b>(2490.66)</b>	<b>(1365.23)</b>

**34 Employee Benefits Note**

As per Ind AS - 19 - "Employee Benefits", the disclosures of Employee Benefits is given as below:-

**Defined Contribution Plans**

**Details of amount recognized as expenses during the year for the defined contribution plans.**

Particulars	2022-23	2021-22
Contribution to Provident Funds	180.31	330.99
Contribution to ESIC	1.23	1.47
<b>Total ( Refer Note No. 30)</b>	<b>181.54</b>	<b>332.46</b>

**34.1 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 Rs. 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*	60 years

\*In case of employees with age above the retirement age mentioned in plan features, the retirement is assumed to happen immediately and vacation is done accordingly.

34.2 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.

**34.3 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.

**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.

**34.4 Reconciliation of defined benefit obligations**

Particulars	As at March 31, 2023	As at March 31, 2022
Defined benefit obligations as at beginning of the year	711.71	848.84
Current service cost	62.14	123.89
Interest cost	43.40	49.52
Actuarial Loss/(Gain) due to change in financial assumptions	(2.72)	(16.01)
Actuarial Loss/(Gain) due to change in demographic assumptions	22.86	-
Actuarial Loss/(Gain) due to experience	(3.40)	(152.11)
Past Service Cost	-	-
Benefits Paid	(350.63)	(142.42)
<b>Defined benefit obligations as at end of the year</b>	<b>483.36</b>	<b>711.71</b>

**34.5 Reconciliation of Plan Asset**

Particulars	As at March 31, 2023	As at March 31, 2022
Plan Asset as at beginning of the year	985.37	1,059.84
Interest Income	64.95	67.66
	(10.98)	0.29
Return on plan assets excluding amounts included in interest income	-	-
Contributions by employer	6.10	-
Benefits paid	(350.63)	(142.42)
<b>Plan Asset as at end of the year</b>	<b>694.81</b>	<b>985.37</b>



34.6 Reconciliation of the Effect of Asset ceiling

Particulars	As at March 31, 2023	As at March 31, 2022
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>

34.7 Net amount Charged to Statement of Profit and Loss for the period

Particulars	2022-23	2021-22
Current service cost	62.14	123.89
Past Service Cost and Loss/(gain) on curtailments and settlement	-	-
Net Interest cost	(21.55)	(18.14)
<b>Employee benefit expenses</b>	<b>40.59</b>	<b>105.75</b>

34.8 Other Comprehensive Income for the period

Particulars	2022-23	2021-22
Components of actuarial (gain)/losses on obligations:		
Due to change in financial assumptions	(2.73)	(16.01)
Due to change in demographic assumption	22.86	-
Due to experience adjustments	(3.40)	(152.11)
Return on plan assets excluding amounts included in interest income	10.98	(0.29)
<b>Amounts recognized in Other Comprehensive (Income)/Expense</b>	<b>27.71</b>	<b>(168.41)</b>

34.9 Break up of Plan Assets

Particulars	2022-23	2021-22
Insurance Policy	100%	100%

34.10 Actuarial Assumptions

Particulars	As at March 31, 2023	As at March 31, 2022
Discount Rate	7.20%	6.70%
Salary Growth Rate	4.00%	4.00%
Withdrawal Rate	40% for all ages	25% at younger ages reducing to 5% at older ages
Rate of Return on Plan Assets	7.20% p.a.	6.70% p.a.

34.11 Sensitivity Analysis for Actuarial Assumption

As at 31.03.2023	Change in Assumptions		Impact on Defined Benefit Obligation			
	Increase	Decrease	Increase in Assumptions		Decrease in Assumptions	
	%	%	Rs. in Lakhs	%	Rs. in Lakhs	%
Discount Rate	0.50%	0.50%	(2.67)	-0.56%	2.73	0.56%
Salary Growth Rate	0.50%	0.50%	2.76	0.57%	(2.73)	-0.56%
Withdrawal Rate	110.00%	90.00%	0.68	0.14%	(0.99)	-0.20%

As at 31.03.2022	Change in Assumptions		Impact on Defined Benefit Obligation			
	Increase	Decrease	Increase in Assumptions		Decrease in Assumptions	
	%	%	Rs. in Lakhs	%	Rs. in Lakhs	%
Discount Rate	0.50%	0.50%	(16.97)	-2.39%	17.84	2.51%
Salary Growth Rate	0.50%	0.50%	16.86	2.37%	(16.26)	-2.29%
Withdrawal Rate	0.50%	0.50%	2.47	0.35%	(3.09)	-0.43%

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.

34.12 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.

34.13 Expected contribution to the plan for the next annual reporting period

Particulars	2022-23	2021-22
Expected contribution to the plan	32.76	96.06
<b>Total</b>	<b>32.76</b>	<b>96.06</b>

34.14 Maturity Profile of the Defined Benefit Obligation

The Weighted Average Duration (Years) as at valuation date is 2.19 years

As at March 31, 2023	Rs. in Lakhs	%
2024	311.81	41.10%
2025	80.21	21.80%
2026	56.26	15.30%
2027	32.33	8.80%
2028	20.89	5.70%
2029 - 2033	24.69	6.70%

As at March 31, 2022	Rs. in Lakhs	%
2023	141.32	12.40%
2024	93.78	9.10%
2025	77.62	7.50%
2026	90.91	8.80%
2027	82.85	8.10%
2028 - 2032	298.01	29.00%

**35 Income Tax expense**

35.1 **Income tax expense in the statement of profit and loss comprises of:**

Particulars	2022-23	2021-22
Current income tax	-	-
Adjustments in respect of current tax of earlier years	157.32	(2500.05)
<b>Deferred tax</b>		
Relating to origination and reversal of temporary difference	104.71	3158.75
<b>Income tax expense</b>	<b>262.03</b>	<b>658.70</b>

35.2 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:

Particulars	2022-23	2021-22
<b>Accounting (loss) before tax</b>	(34,386.35)	(70,973.01)
Statutory Income Tax rate	34.94%	34.94%
<b>Expected Income Tax Expenses*</b>	-	-
Deferred tax Adjustment	<b>104.71</b>	<b>3158.75</b>
Adjustments in respect of current tax of earlier years	157.32	(2500.05)
<b>Income tax expenses considered in accounts</b>	<b>262.03</b>	<b>658.70</b>

\* The Company has no taxable income and has loss as per section 115JB of the Income Tax Act 1961 during the current and previous year. Hence no provision of income tax is made.

35.3 There is no change in the applicable base tax rate as compared to previous accounting period.

35.4 **Details of each type of recognized temporary differences, unused tax losses and unused tax credits**

Particulars	Recognized DTA / DTL in balance sheet		Deferred tax (Income) / Expense recognized in P&L	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax liability on account of</b>				
Derivative deals - Option and Currency Swap		-	-	(3.43)
Provision for Gratuity	73.89	95.63	(21.74)	21.90
<b>Total Deferred tax liability</b>	<b>73.89</b>	<b>95.63</b>	<b>(21.74)</b>	<b>18.47</b>
<b>Deferred tax asset on account of</b>				
Difference in value of Property, Plant and Equipment	2,990.70	2,909.23	81.47	868.57
Difference in value of Investment in SIPL - Sub Debt	657.22	862.05	(204.84)	(184.52)
Provision for Leave encashment	4.38	7.47	(3.09)	(30.79)
<b>Total Deferred tax asset</b>	<b>3,652.30</b>	<b>3,778.75</b>	<b>(126.46)</b>	<b>653.26</b>
<b>Net Deferred Tax (Assets) before MAT Credit</b>	<b>(3,578.41)</b>	<b>(3,683.12)</b>	<b>104.72</b>	<b>(634.79)</b>
MAT Credit Entitlement	6,537.26	6,537.26	-	3,793.54
<b>Net Deferred Tax (Assets) Recognized</b>	<b>(10,115.67)</b>	<b>(10,220.38)</b>		
<b>Deferred Tax Debit / (Credit) Recognized</b>	-	-	<b>104.71</b>	<b>3,158.75</b>

As a matter of Prudence, the Company has not recognised deferred tax assets on unused tax credits and carry forward losses.

Deferred tax asset include Rs. 6537.25 lakhs being amount of unused tax credit recognized in earlier years. Based on the projection of future profitability, management believes that the Company will have regular taxable income against which the unused tax credit will be realised.

**36 Working of Earning Per Share**

Reconciliation of Equity Shares outstanding at the end of year:

PARTICULARS	As at March 31, 2023	As at March 31, 2022
<b>Nominal Value of Equity Share (Re per share)</b>	1.00	1.00
<b>For Basic and Diluted EPS:</b>		
Number of Equity Shares at the beginning of the year	171570800	171570800
Weighted Average number of Equity Shares	171570800	171570800
<b>Basic and Diluted EPS</b>		
Net Profit after Tax and before Other Comprehensive Income	(34,648.38)	(71,631.71)
Weighted Average number of Equity Shares	171570800	171570800
Basic EPS (Rs.)	(20.19)	(41.75)

**37 Revenue from contract with customers**

37.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	March 31, 2023	March 31, 2022
<b>Type of service rendered</b>		
Revenue from construction services	88917.28	122623.66
	<b>88917.28</b>	<b>122623.66</b>
<b>Place of service rendered</b>		
India	88917.28	122623.66
Total revenue from contracts with customers	<b>88917.28</b>	<b>122623.66</b>
<b>Timing of revenue recognition</b>		
Services transferred over time	88917.28	122623.66
Total revenue from contracts with customers	<b>88917.28</b>	<b>122623.66</b>

37.2 Contract balances

Contract Assets refer note no. 52	83647.67	82827.03
Contract Liabilities	33611.28	32425.69

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.

(i) Movement in contract balances during the year:

	Contract Assets	Contract Liabilities	Net Contract Balances
Balance as at April 1, 2021	133922.17	28761.56	1,05,161
Net Increase / (Decrease)	(51095.14)	3664.13	(54759.27)
<b>Balance as at March 31, 2022</b>	<b>82827.03</b>	<b>32425.69</b>	<b>50,401</b>
Net Increase / (Decrease)	820.64	1185.59	(365)
<b>Balance as at March 31, 2023</b>	<b>83647.67</b>	<b>33611.28</b>	<b>50,036.39</b>

37.3 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 receives progressive payment towards provision of construction services.

(b) The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are, as follows:

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31,2023 is Rs. 131265.90 lacs. Out of this the Company expect to recognise revenue around Rs. 74270.43 lacs in next year and remaining thereafter. Remaining performance obligation estimates are subject to change and affected by several factors including terminations , change of scope of contracts, occurrence of same is expected to be remote.

37.4 Reconciliation of the amount of revenue recorded in Standalone statement of Profit and loss is not required as there are no adjustments to the contract price.

**38 Contingent Liabilities and commitments**

A Contingent Liabilities	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
a Claims against the company not acknowledged as debt: Tax matters		
i Income tax matters in dispute	11776.88	15113.97
ii Service tax matters in dispute	612.34	612.34
iii Value added tax matters in dispute	414.36	414.36
iv Customs duty matters in dispute	237.89	237.89
v Goods and Service tax	861.67	609.03

- b Claims against the company not acknowledged as debt: other than tax matter
- (i) Sarda Energy and Minerals Ltd. (Formerly known as Raipur Alloys Limited) has filed a suit for recovery of Rs.46.42 Lakhs (March 31, 2022: Rs. 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 Rs 46.42 Lakhs (March 31, 2022: Rs. 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 Rs. 21.020 Lakhs (March 31, 2022: Rs. 21.20 Lakhs ). The matter is pending before the high Court, Nagpur.
- (ii) A case before Workmen Compensation Commissioner , Udaipur was filed for compensation of Rs. 11.69 Lakhs (March 31, 2022 : Rs. 11.69 Lakhs ) under Employees Compensation Act, 1923. The matter is currently pending.
- (iii) A case before Labour Court at Ahmedabad, was filed for compensation against the company. The labour court has directed to pay compensation of Rs. 3.63 Lakhs (March 31, 2022 : Rs. 3.63 Lakhs). the company has filled appeal before the High court of Gujarat. The matter is currently pending.
- (iv) SEL has moved to Nagpur High Court for release of penalty amount Rs. 113.45 Lakhs (March 31, 2022 : Rs. 113.45 Lakhs) against the services provided at Junad Mines of WCL. The case is pending.
- (v) Retention of 226 workers at UCIL Site. The Company has 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 filed the appeal in Jharkhand High court at Ranchi. The Matter is pending.
- (vi) The Directorate of Revenue Intelligence, Lucknow issued a show cause notice to the Company on 22/11/2017, seeking reasons for not demanding Rs. 187.89 Lakhs with respect to the customs duty on importing Electronic Sensor paver Finisher , which was valued at Rs. 726.77 Lakhs by SEL. The DRI contended that the Company 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 Commninsinerate - II against the above aforesaid showcause notice and Commissioner had passed order and confirmed the demand and also imposed penalty of Rs. 50.00 lakhs. Company has filed appeal before Customs, Excise & Service Tax Appellate Tribunal, Chennai. The matter is pending.
- (vii) Siddharth Infraprojects Private Limited (the "Claimant") has initiated an arbitration proceeding against the Company in relation to a sub-contract agreement dated October 31, 2007 between the Claimant and Company. Pursuant to the aforesaid sub-contract agreement, Company sub contracted the work under the main contract between Company and MPRDC for rehabilitation and upgradation of package 11 of Seoni Chiraidongri Road. The Claimant has alleged that Comapny 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, 2022: 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, 2022: Rs. 8160.00 Lakhs ). The matter is currently pending.
- (viii) Some of the contractors and suppliers have filed cases before NCLT, Civil Courts and MSME Council claiming the payment of outstanding amount, claims and interest. The Company has made representation/submissions to the respective forums. Based on the legal advice and past out come management believes that in addition to be amount provided in the books of accounts no further amount in form of claims and interest will be payable.

Note- It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities.  
The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

**c Guarantees:**

Company has given corporate guarantee to banks outstanding amount of which as on March 31, 2023 is Rs. 94545.96 Lakhs (March 31, 2022: Rs. 93913.59 Lakhs ) against the financial assistance given by the banks to subsidiary company and step down subsidiaries.

**B Capital & other Commitments**

The followings are the estimated amount of contractual commitments of the company:-

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
(i) Capital Commitments	801.52	762.72
(ii) Other Commitments (net of advance)	371.04	5381.62



**39 Financial Instruments**

**39.1 Disclosure of Financial Instruments by Category**

**As at March 31, 2023**

Financial instruments by categories	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value
<b>Financial asset</b>						
Investments in Equity instruments of subsidiaries #	5	-	-	-	-	-
Investments in Equity	5	-	55.54	-	55.54	55.54
Instruments of Other Companies						
Investments in Bonds and Debentures	5	-	-	2.00	2.00	2.00
Investments in Subdebt	5	-	-	2,405.72	2,405.72	2,405.72
Investments in NSC	5	-	-	-	-	-
Trade Receivables	6 & 12	-	-	57,269.68	57,269.68	57,269.68
Long term Loans and Advances	7	-	-	5,914.82	5,914.82	5,914.82
Other Long term Financial Assets	8	-	-	-	8,511.37	8,511.37
Cash and Cash Equivalents	13	-	-	1,121.97	1,121.97	1,121.97
Bank Balances other than Cash and Cash equivalents	14	-	-	493.97	493.97	493.97
Loan given - Current	15	-	-	43,473.02	43,473.02	43,473.02
Other current financial assets	16	-	-	28,766.30	28,766.30	28,766.30
<b>Total Financial Asset</b>		-	<b>55.54</b>	<b>1,47,958.85</b>	<b>1,48,014.39</b>	<b>1,48,014.39</b>

<b>Financial liability</b>						
Long Term Borrowings	21			28,833.79	28,833.79	28,833.79
Short Term Borrowings	22			85,624.29	85,624.29	85,624.29
Lease Liabilities				-	-	-
Trade Payables	24			43,217.32	43,217.32	43,217.32
Other Current Financial Liabilities	25			30,201.70	30,201.70	30,201.70
<b>Total Financial Liabilities</b>		-	-	<b>1,87,877.10</b>	<b>1,87,877.10</b>	<b>1,87,877.10</b>

**As at March 31, 2022**

Financial instruments by categories	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value
<b>Financial asset</b>						
Investments in Equity instruments of subsidiaries #	5	-	-	-	-	-
Investments in Equity	5	-	55.54	-	55.54	55.54
Instruments of Other Companies						
Investments in Bonds and Debentures	5	-	-	2.00	2.00	2.00
Investments in Subdebt	5	-	-	689.72	689.72	689.72
Investments in NSC	5	-	-	14.78	14.78	14.78
Trade Receivables	6 & 12	-	-	73,156.91	73,156.91	73,156.91
Long term Loans and Advances	7	-	-	5,328.67	5,328.67	5,328.67
Other Long term Financial Assets	8	-	-	-	9,577.88	9,577.88
Cash and Cash Equivalents	13	-	-	9,577.88	9,577.88	9,577.88
Bank Balances other than Cash and Cash equivalents	14	-	-	2,743.99	2,743.99	2,743.99
Loan to Related Parties - Current	15	-	-	975.40	975.40	975.40
Other current financial assets	16	-	-	52,066.11	52,066.11	52,066.11
<b>Total Financial Asset</b>		-	<b>55.54</b>	<b>1,77,426.21</b>	<b>1,77,481.75</b>	<b>1,77,481.75</b>

<b>Financial liability</b>						
Long Term Borrowings	21	-	-	43,611.32	43,611.32	43,611.32
Short Term Borrowings	22	-	-	70,782.67	70,782.67	70,782.67
Lease Liabilities		-	-	172.24	172.24	172.24
Trade Payables	24	-	-	51,639.42	51,639.42	51,639.42
Other Current Financial Liabilities	25	-	-	28,803.59	28,803.59	28,803.59
<b>Total Financial Liabilities</b>		-	-	<b>1,95,009.24</b>	<b>1,95,009.24</b>	<b>1,95,009.24</b>

# Investments in subsidiaries classified as equity investments have been accounted at historical cost. Since these are scope out of IndAS 109 for the purposes of measurement, the same have not been disclosed in the tables above.

39.2 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.

39.3 Refer Note 43 for information on financial asset pledged as security.

#### **40 Fair Value Measurement of Financial Assets and Liabilities**

##### **40.1 Fair value hierarchy**

<b>As at March 31, 2023</b>	<b>Note No.</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial asset measured at FVTOCI</b>					
Investments in Equity Instruments of other Entities	5		55.54		55.54
<b>Total of Financial Assets</b>		-	<b>55.54</b>	-	<b>55.54</b>

<b>As at March 31, 2022</b>	<b>Note No.</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial asset measured at FVTOCI - Recurring FVM</b>					
Investments in Equity Instruments of other Entities	5	-	55.54	-	55.54
<b>Total of Financial Assets</b>		-	<b>55.54</b>	-	<b>55.54</b>

40.2 There are no transfer between level 1 and level 2 during the year.

40.3 The company's policy is to recognize transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

##### **40.4 Valuation technique and inputs used to determine fair value in level 2**

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.

#### 41 Financial Risk Management

##### 41.1 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.

##### 41.2 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, 2023 and March 31, 2022.

##### 41.2.1 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.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	(Rs. In Lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Variable rate borrowings in INR</b>		
Long Term Loan from Banks	28,833.79	32,999.04
Short Term loan from banks	61,535.49	58,965.43
	<b>90,369.28</b>	<b>91,964.47</b>

##### Sensitivity analysis

(Rs. In Lakhs)

Interest Rate Risk Analysis	Impact on profit/ loss before tax	
	As at March 31, 2023	As at March 31, 2022
Interest rate increase by 100 basis point	(903.69)	(919.64)
Interest rate decrease by 100 basis point	903.69	919.64

The effect of interest rate changes on future cash flows is excluded from this analysis.

**41.3 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:

As at March 31, 2023	Contractual Maturity	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Non Convertible Debentures	28,100.00	13,525.00	1,050.00	-	-
Long Term Rupee Loan from Banks & Fin. Inst.	24,424.49	10,165.70	4,093.09	-	-
Short Term Borrowings other than current maturity of long term debt	85,624.29	85,624.29	-	-	-
Lease Liabilities	-	-	-	-	-
Trade Payables	43,217.32	43,217.32	-	-	-
Other Financial Liabilities	30,201.70	30,201.70	-	-	-

As at March 31, 2022	Contractual Maturity	Upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Non Convertible Debentures	22,250.00	7,675.00	13,525.00	1,050.00	-
Long Term Rupee Loan from Banks & Fin. Inst.	23,027.99	6,486.04	10,840.37	4,034.91	-
Short Term Borrowings other than current maturity of long term debt	70,782.67	70,782.67	-	-	-
Lease Liabilities	172.24	172.24	-	-	-
Trade Payables	51,639.42	51,639.42	-	-	-
Other Financial Liabilities	28,803.59	28,803.59	-	-	-

**41.4 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 Company has reviewed expected credit loss provision (ECL) on its trade receivables as per Ind AS provisions.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables as on March 31, 2023 Rs. 57269.68 Lakhs (as on March 31, 2022 Rs. 73156.91 Lakhs).

**41.5** The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors review and approve all equity investment decisions.

**At the reporting date, the exposure to:**

unlisted equity in subsidiaries at cost of Rs. 2,403.16 Lakhs (March 31, 2022: Rs. 2,403.16 Lakhs ).  
 listed equity in subsidiaries at cost of Rs. 49,255.72 Lakhs (March 31, 2023: Rs. 49,255.72 Lakhs)

**Sensitivity analysis**

As at 31 March 2023, the exposure to listed equity securities at fair value was Rs. 7,371.64 Lakhs (31 March 2022: Rs 22,114.91 Lakhs).

Changes in this exposure would not have a material effect on the profit or loss and total equity of the Company.

## 42 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 here under:

Particulars	As at March 31, 2023	As at March 31, 2022
Equity	1,715.71	1,715.71
Other Equity	1,06,516.11	1,41,136.82
<b>Total</b>	<b>1,08,231.82</b>	<b>1,42,852.53</b>

## 43 Asset offered as security

### Carrying Value of Assets offered as security

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non Financial Asset</b>		
Tangible assets - Property, Plants & Equipments	12,824.65	19,098.67
<b>Financial Asset</b>		
Trade Receivables	57,269.68	73,156.91
Inventories	3,304.43	10,749.85



**44 Detail of Investments in Subsidiaries, Associates and Joint Ventures**

Name of the entity	Type of entity	Place of business	Ownership interest held by the company	
			As at March 31, 2023	As at March 31, 2022
Sadbhav Infrastructure Project Ltd.	Subsidiary	Ahmedabad	69.76%	69.76%
Sadbhav Gadag Highway Pvt Ltd	Subsidiary	Ahmedabad	74.00%	74.00%
Ahmedabad Ring Road Infrastructure Limited	Step down Subsidiary	Ahmedabad	-	-
Maharashtra Border Check Post Network Limited	Step down Subsidiary	Ahmedabad	-	-
Rohtak-Hissar Tollway Private Limited	Step down Subsidiary	Ahmedabad	-	-
Rohtak-Panipat Tollway Private Limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Bangalore Highway Private Limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Bhavnagar Highway Limited (earlier known as Sadbhav Bhavnagar Highway Private Limited)	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Jodhpur Ring Road Private Limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Nainital Highway Limited (earlier known as Sadbhav Nainital Highway Private Limited)	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Rudrapur Highway Limited (earlier known as Sadbhav Rudrapur Highway Private Limited)	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Udaipur Highway Limited (earlier known as Sadbhav Udaipur Highway Private Limited)	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Una Highway Limited (earlier known as Sadbhav Una Highway Private Limited)	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Vidarbha Highway Limited (earlier known as Sadbhav Vidarbha Highway Private Limited)	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Maintenance Infrastructure Private Limited (earlier known as Sadbhav Vizag Port Road Private Limited)	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Kim Expressway Private Limited	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Infra Solutions Private Limited (earlier known as Sadbhav Bhimasar Bhuj Highway Private Limited)	Step down Subsidiary	Ahmedabad	-	-
Sadbhav Hybrid Annuity Project Limited	Step down Subsidiary	Ahmedabad	-	-

44.1 Sadbhav Infrastructure Project Ltd. is the holding company of all the step down subsidiary companies.

44.2 Investments in Subsidiaries, Associates and Joint Ventures are accounted at Cost

44.3 In respect of Joint Venture arrangements, the Company is not required to make any capital investment. Percentage of sharing revenue/expenses by the company are given hereunder.

Name of the entity	Percentage of sharing revenue/expenses by the company	
	As at March 31, 2023	As at March 31, 2022
<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%
<b>SEL-Annapurna</b>		
Basantimata Project	80.00%	80.00%
<b>SEL-Vishnushiva</b>		
Maheshpur Project	75.00%	75.00%
Jalipa / Kapurdi Project	98.00%	98.00%
<b>SEL-Vaishnovi JV - Halon Project</b>	72.00%	72.00%
<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>	50.00%	50.00%
<b>SEL-PIPL JV</b>	51.00%	51.00%
<b>SEL-SPSCPL JOINT VENTURE</b>	74.00%	74.00%

#### 45 Segment Reporting

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

#### 46 List of Related Parties

##### (a) Related Party with whom Control Exists

###### Subsidiary

Sadbhav Infrastructure Project Limited,  
Sadbhav Gadag Highway Private Limited

###### Step-down Subsidiaries:-

Ahmedabad Ring Road Infrastructure Limited  
Maharashtra Border Check Post Network Ltd.  
Rohtak-Panipat Tollway Private Limited  
Rohtak-Hissar Tollway Private Limited  
Sadbhav Nainital Highway Limited  
Sadbhav Rudrapur Highway Limited  
Sadbhav Bhavnagar Highway Limited  
Sadbhav Una Highway Limited  
Sadbhav Hybrid Annuity Project Limited  
Sadbhav Bangalore Highway Private Limited  
Sadbhav Vidarbha Highway Limited  
Sadbhav Udaipur Highway Limited  
Sadbhav Jodhpur Ring Road Private Limited  
Sadbhav PIMA Private Limited  
Sadbhav Infra Solutions Private Limited  
Sadbhav Maintenance Infrastructure Private Limited  
Sadbhav Kim Express Way Private Limited

###### Joint Ventures:

SEL-GKC JV,  
Sadbhav-Annapurna,  
Sadbhav-Vishnushiva,  
Sadbhav Engineering Ltd Vaishnovi Construction,  
Corsan Corviam Construction SA – Sadbhav,  
SEL-PIPL, PBA-Sadbhav,  
SEL-SPSCPL Joint Venture

##### (b) Related Party with whom transaction during the year

###### Key Management Personnel (KMP):

Shri Shashinbhai V. Patel (Chairman and Managing Director w.e.f. 17-12-2022)  
Shri Nitin R. Patel, (Executive Director and Chief Financial Officer up to November 21,2022)  
Shri Jatin Thakkar, (Chief Financial Officer from December 17,2022 to March 14,2023 )  
Shri Jatin Thakkar, (Non Executive Director w.e.f March 15,2023 )  
Shri Dwigesh Joshi, (Chief Financial Officer w.e.f March 15,2023 )  
Shri Vasistha C. Patel, (Chief Executive Officer up to November 21,2022)  
Shri Rohit Modi, (Chief Executive Officer w.e.f. November 21,2022 to February 14,2023)  
Shri Rohit Modi, (Group Chief Executive Officer w.e.f. February 14,2023)  
Shri Arun S Patel, Non-Executive – (Independent Director up to September 25, 2022)  
Shri Sandip Patel, Non-Executive – Independent Director  
Shri Tarang Desai, Non-Executive – Independent Director  
Shri Hardik Modi, Company Secretary and Compliance Officer  
Smt. Anjali Nirav Choksi- Independent Director

###### Relatives of KMP:

Smt. Shantaben V. Patel

###### Entities in which KMP / relatives of KMP can exercise significant influence

Sadbhav Finstock Pvt. Ltd.  
Sadbhav Realty Pvt. Ltd.\*  
Ennar Infra Solutions LLP (Up to November 21,2022)

\* No transactions during the year

**Sadbhav Engineering Limited**  
**Notes forming Part of the financial statements**

(Rs. in Lakhs)

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 Income	2022-23	18957.96	582.99	-	-	19540.95
	2021-22	(42291.91)	(1059.05)	-	-	(43350.96)
Providing of services	2022-23	44.05	-	-	-	44.05
	2021-22	(56.15)	(0.60)	-	-	(56.75)
Sub contracting Expenditure	2022-23	-	-	-	-	-
	2021-22	-	-	-	(19.63)	(19.63)
Remuneration Expenses	2022-23	-	-	327.13	-	327.13
	2021-22	-	-	(190.36)	-	(190.36)
Service Received	2022-23	-	-	-	3.50	3.50
	2021-22	-	-	-	(6.00)	(6.00)
Investment In Sub Debt	2022-23	1716.00	-	-	-	1716.00
	2021-22	(1550.00)	-	-	-	(1550.00)
Investment In Sub Debt Recd. Back	2022-23	-	-	-	-	-
	2021-22	(4390.76)	-	-	-	(4390.76)
Director Sitting Fees	2022-23	-	-	3.60	-	3.60
	2021-22	-	-	(3.30)	-	(3.30)
Interest Expenses	2022-23	1252.66	-	-	-	1252.66
	2021-22	(1200.27)	-	-	-	(1200.27)
Interest Income	2022-23	4157.43	-	-	-	4157.43
	2021-22	(5311.66)	-	-	-	(5311.66)
Unsecured Loan given	2022-23	6102.15	-	-	-	6102.15
	2021-22	(40300.27)	-	-	-	(40300.27)
Unsecured Loan received back	2022-23	13984.49	-	-	-	13984.49
	2021-22	(51650.07)	-	-	(1500.75)	(53150.82)
Unsecured Loans taken	2022-23	7262.88	-	-	-	7262.88
	2021-22	-	-	-	-	-
Unsecured Loans repaid	2022-23	3950.60	-	-	-	3950.60
	2021-22	-	-	-	-	-
Unsecured Loan Received	2022-23	-	-	12504.06	-	12504.06
	2021-22	(2337.68)	-	(16939.55)	-	(19277.23)
Unsecured Loan Repaid	2022-23	-	-	4041.19	-	4041.19
	2021-22	(2878.19)	-	(5700.10)	-	(8578.29)
Mobilization/Material/Machinery Advance Received	2022-23	-	472.01	-	-	472.01
	2021-22	-	(218.20)	-	-	(218.20)
Mobilization/Material/Machinery Advance Repaid	2022-23	7558.57	108.14	-	-	7666.71
	2021-22	(7851.16)	(148.00)	-	-	(7999.16)
Security Deposit/Retention Money Deducted/Reversal by Clients	2022-23	650.84	183.44	-	-	834.28
	2021-22	(1801.39)	(171.38)	-	-	(1972.77)
Security Deposit/Retention Money Released/Transfer by Clients	2022-23	2097.22	156.49	-	-	2253.71
	2021-22	(5803.30)	(522.30)	-	-	(6325.60)
Security Deposit/Retention Money Deducted from Sub-contractors	2022-23	-	-	-	-	-
	2021-22	-	-	-	(0.49)	(0.49)
Security Deposit/Retention Paid from Sub-contractors	2022-23	-	-	-	-	-
	2021-22	-	-	-	(1.28)	(1.28)
Balance Written off/Written Back	2022-23	(3816.40)	-	-	-	(3816.40)
	2021-22	-	-	-	-	-
<b>Outstanding Balance at year end:</b>						
Trade Receivables	March 31, 2023	19472.88	(277.62)	-	-	19195.26
	March 31, 2022	(20389.53)	(2443.29)	-	-	(22832.82)
Trade Payables	March 31, 2023	4349.60	-	(34.88)	-	4314.72
	March 31, 2022	(7317.48)	-	(7.24)	(4.32)	(7329.04)
Unsecured Loans given	March 31, 2023	49833.88	-	-	-	49833.88
	March 31, 2022	(54627.67)	-	-	(1025.72)	(55653.39)
Unsecured Loans taken	March 31, 2023	3312.28	-	-	-	3312.28
	March 31, 2022	-	-	-	-	-
Interest accrued on loans to subsidiaries	March 31, 2023	3214.15	-	-	-	3214.15
	March 31, 2022	(4014.40)	-	-	-	(4014.40)
Mobilization/Material/Machinery Advance Received	March 31, 2023	19067.28	434.06	-	-	19501.34
	March 31, 2022	(22204.10)	(70.19)	-	-	(22274.29)
Security Deposit/Retention Money Deducted by Clients	March 31, 2023	1344.14	9441.23	-	-	10785.37
	March 31, 2022	(4984.11)	(9414.21)	-	-	(14398.32)
Unsecured Loan received	March 31, 2023	-	-	20139.11	-	20139.11
	March 31, 2022	-	-	(11676.24)	-	(11676.24)
Investment In Sub Debt	March 31, 2023	2405.72	-	-	-	2405.72
	March 31, 2022	(689.72)	-	-	-	(689.72)
Investment In Subsidiaries and Stepdown Subsidiaries	March 31, 2023	55,172.07	-	-	-	55172.07
	March 31, 2022	(55,172.07)	-	-	-	(55,172.07)

**NOTE :**

- 1 Remuneration expenses includes Rs. 53.90 lakhs (Rs. 84.00 lakhs) Paid to Nitin R. Patel, Executive Director & CFO up to up to November 21, 2022, Rs. 4.81 lakhs paid to Dwigesh Joshi, Executive Director & CFO of the company, Rs. 24.51 lakhs (Rs. 16.36 lakhs) paid to Hardik Modi, Company Secretary and Compliance Officer.
- 2 The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- 3 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) given to Sadbhav Infrastructure Projects Ltd (SIPL) carries interest rate @11% p.a. (March 31, 2021 : 11% )  
The company has not provided any commitment to the related party As at March 31, 2023 except mentioned at Note No. 38B  
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. 56
- 47 The Company has initiated action for monetization of the assets and One Time Settlement (OTS) discussions with the Trade Creditors as a part of the deal, upon insistence of the buyers of assets. The Company has reviewed its outstanding payable and identified those debts that have been outstanding beyond limitation period and not payable. The management has evaluated the balances in all accounts of the creditors and determined to write back the outstanding payables considering factors such as the age of the outstanding and impairment in contract assets against such payables etc. The management is in discussion with the vendors and process of obtaining confirmation is initiated.  
Considering the management assessment, the balances of Rs. 11066.47 lakhs in vendor accounts have been written back and included in miscellaneous income under the head other income in the financial results during the year ended March 31, 2023. Having regard to this the management believes that carrying amount of trade payables is fairly valued.
- 48 The Board of Directors in the meeting held on October 15, 2022 have resolved to withdraw Scheme of Amalgamation filed with Hon'ble National Company Law Tribunal Ahmedabad Bench (NCLT) with regard to amalgamation of Sadbhav Infrastructure Project Limited (Transferor Company) with Sadbhav Engineering Limited (Transferee Company) under sections 230 to 232 of the Companies Act, 2013. Consequently, on application made by the Company, the NCLT vide its order dated October 19, 2022 has allowed the withdrawal of the said application. Accordingly, the Scheme of merger stands cancelled.
- 49 The Company has outstanding loan and other receivable of Rs. 14865.38 lakhs given to Rohtak Panipat Tollway Private Limited (RPTPL), a step-down subsidiary company which is engaged in construction, operation and maintenance of road projects under concession agreement with National Highways Authorities of India (NHAI). The net worth of RPTPL has fully eroded.

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

Considering the management assessment of probability and tenability of receiving above claims from NHAI as per the terms of concession agreement, which is backed by legal opinion and communications from NHAI for conciliation, the management has assessed that there is no impairment in the value of loan given to RPTPL and consequently no provision/adjustment to the carrying value of loan and other receivable as at March 31, 2023 is considered necessary.

The statutory auditors have expressed qualified opinion on financial statements in respect of above as regards

- 50 As per the consolidated financial statements of the Sadbhav Infrastructure Project Limited (SIPL) and its subsidiaries, there is negative networth of the Group of SIPL and its subsidiaries. The Company has investment in and given loan to SIPL, the amount of which is Rs. 89721.04 lakhs as on March 31, 2023. The management has carried out impairment assessment of these assets and based on the assessment it is concluded that no impairment is required to the carrying value of investment in and loan to SIPL.
- 51 a. There was delay in physical work progress in case of Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), a step-down subsidiary company which is engaged in construction, operation and maintenance of road project under concession agreement with National Highways Authorities of India (NHAI), due to delay in handing over the land from NHAI, delay in approval of Change of scope of work, non-funding by the lenders and nationwide lockdown due to Covid-19. Further the NHAI in the month of January 2022 at the request of the SJRRPL had given in principal approval for harmonious substitution of the concessionaire i.e. SJRRPL subject to various terms and conditions.

Pursuant to this, definitive agreement was entered into between The Company, SJRRPL, Sadbhav Infrastructure Project Limited (The subsidiary company) and Gawar Construction Limited (GCL) as on June 28, 2022 for substitution of the SJRRPL with the new SPV to be nominated by GCL and also executed endorsement agreement between the SJRRPL and JRR Highways Private Limited (new concessionaire) dated July 13, 2022 with the approval of NHAI for implementation of the project by new concessionaire in substitution of the SJRRPL.

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

b. In case of Sadbhav Bangalore Highway Private Limited (SBGHPL or concessionaire) which is engaged in construction, operation and maintenance of infrastructure project under concession agreement with National Highways Authorities of India (NHAI), the lenders of SBGHPL have notified to NHAI about exercise of their right of substitution of concessionaire in the month of January, 2022. Subsequently, the lenders have approved the anchor offer received from the Gawar Construction Limited in the month of October 2022 for the purpose of substitution of SBGHPL. Subsequently necessary documents have been executed in the month of February 2023. Consequently, all the balances outstanding, pertaining to SBGHPL in books of the Company have been adjusted and amount of Rs. 4,082.80 Lakhs has been transferred to statement of profit and loss and included in other expenses and amount of Rs. 1,512.00 lakhs being loan outstanding is transferred to statement of profit and loss and included in exceptional items in financial statements for the year ended March 31, 2023.

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

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

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

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

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

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

- 53 The contract assets as on March 31, 2023 includes amount of Rs. 35021.63 lakhs in respect of which claim have. The Company finds difficulty in meeting obligation of payment to suppliers and statutory dues in normal course of business. There are defaults in repayment of dues to lenders. This is mainly an account of delay in execution of projects and resources constraint.

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

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

Considering the above aspect in anticipation of approval from lenders of Resolution Plan, its implementation and infusion of funds from promoters of the Company, the management believes that Company will be able to generate an incremental operational cash flows.

- 54 Realisability of Non- Current Trade Receivables amounting to Rs. 2830.04 lakhs (Rs. 13236.35 lakhs) along with other incidental balances amounting to Rs. 8312.97 lakhs (Rs. 8312.97 lakhs) pertaining to completed projects as at balance sheet date in respect of which legal proceedings are in process. The management is hopeful that in view of the steps being taken for recovery, the dues will be realised and hence the same are considered as good and recoverable. Reference is invited to Note No. 6 and 8.

- 55 Disclosure of Ratio are as under

Sr. No.	Ratio	As at March 31, 2023	As at March 31, 2022	% in change in Ratio	Explanation
1	Debt Equity Ratio (in times) (Total Borrowings / Total Equity)	1.07	0.81	32.10	Refer Note 1 below
2	Debt Service Ratio (in times) (Earnings Before Interest, Depreciation and Tax (EBIDTA) and Non Cash Item / (Interest + Principal Repayments of Long Term Borrowings)	0.43	0.57	-24.56	Refer Note 2 below
3	Return of Equity Ratio (Profit/(loss) after tax /Net worth) (%)	-32.01	-50.14	-36.16	Refer Note 3 below
4	Net Capital Turnover Ratio Revenue from Operations/Working Capital) (in times)	5.88	2.11	179.06	Refer Note 4 below
5	Return on capital employee (ROCE) (Earning before interest tax and exceptional items / total equity + Non current borrowings +Current borrowings) (%)	-14.32	-0.27	-5193.26	Refer Note 5 below
6	Current Ratio (in times) (Current Assets/Current Liabilities)	1.07	1.30	-17.69	
7	Trade Receivable Turnover Ratio (in times) (Revenue from Operations / Average Trade Receivables)	0.63	0.80	-21.25	
8	Inventory Turnover Ratio (in times) (Material Consumed / Average Inventory)	1.75	1.70	2.94	
9	Trade Payable Turnover Ratio	NA	NA	NA	
10	Return on investment	NA	NA	NA	
11	Net Profit Margin (%) (Net Profit / Total Income)	-32.87%	-54.16%	39.31	Refer Note 6 below



**Note:-**

- 1 The Company has made provision for impairment in the carrying value of the trade receivable resulting into decrease in the retained earnings forming part of total equity; hence the debt equity ratio has impaired.  
Principal repayment of the long term borrowings include prepayment of the borrowings which has been repaid out of the repayment of loan from the related parties. This has resulted in to decrease in the debt service coverage ratio
- 2 The Company's net loss was higher in the previous year due to provision for impairment to the carrying value of the contract assets compared to net loss in the current year resulting into increase in ratio.
- 3 The Company has made provision for impairment in the carrying value of the trade receivable resulting into decrease in the work capital hence the ratio increased.
- 4 The Company has made provision for impairment in the carrying value of the trade receivable resulting into net loss during the year hence the ratio decreased.
- 5 The Company's net loss was higher in the previous year due to provision for impairment to the carrying value of the contract assets compared to net loss in the current year resulting into positive ratio.

**56 Details of Loan Given, Investment Made And Guarantee Given Covered U/S 186(4) Of The Companies Act,**  
Loans given and investment made are disclosed under respective heads.

Corporate Guarantee given by the Company in respect of loans taken by subsidiary and step down subsidiaries:-

Sr. No.	Name of Company	Amount of Corporate Guarantee	As at March 31, 2023	As at March 31, 2022
1	Ahmedabad Ring Road Infrastructure Co.Ltd.	40500.00	454.04	3470.57
2	Sadbhav Infrastructure Project Ltd.	55000.00	51135.57	48499.20
3	Sadbhav Udaipur Highway Limited (earlier known as Sadbhav Udaipur Highway Private Limited)	42700.00	42956.15	41943.80
	<b>Total</b>	<b>138200.00</b>	<b>94545.76</b>	<b>93913.57</b>

- 57 The Company does not hold any benami property as defined under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder. No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- 58 The Company is required to provide QIS to Banks on quarterly basis. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.
- 59 As on March 31, 2023 there is no unutilised amounts in respect of any issue of securities and long term borrowings from banks and financial institutions. The borrowed funds have been utilised for the specific purpose for which the funds were raised.
- 60 The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 ( Such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 61 The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- 62 The company does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period except in case of two lenders where charge satisfaction yet to be registered with ROC due to non receipt of no dues certificate.
- 63 The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:  
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or  
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- 64 The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:  
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or  
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**65 The details of transaction with the Companies struck off under Companies Act, 2013 are as under:**

Name of Struck Off Company	Nature of transactions with struck off company	Balance outstanding as at 31 March,2023	Balance outstanding as at 31 March,2022	Relationship with the struck off company, if any, to be disclosed
Dredger Infrastructure Proj. Pvt Ltd.	Trade payable and other payable	262512.00	262512.00	
Reconnect Energy Solutions Pvt. Ltd	Advance to vendor	192338.00	192338.00	
Par Projects Pvt Ltd	Trade payable and other payable	877789.00	877789.00	
Vishesh Alcon Pvt Ltd	Trade payable and other payable	457358.81	457358.81	
Asianinfra Mega Contractors Pvt Ltd	Trade payable and other payable	67342.55	67432.55	
Gocha Infrastructure Pvt Ltd.	Trade payable and other payable	72378.80	72378.80	
Sathvek Infrastructure Developers Pvt. Ltd.	Trade payable and other payable	348277.56	348277.56	

- 66 The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies ( Restriction on number of Layers) Rules, 2017.
- 67 The Company is not declared as wilful defaulter by any Bank or Financial Institution or Other lenders.
- 68 Figures relating to the previous periods/year have been regrouped / rearranged, wherever necessary, to make them comparable with those of the current periods/year.
- 69 All amounts in the financial statements are presented in Rupees Lakhs except per share data and as otherwise stated.

**For and on behalf of Board,**

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

**Dwighesh Joshi**  
Executive Director & Chief Financial Officer  
DIN : 09733282

**Hardik Modi**  
Company Secretary  
Membership No. F9193

As per our Audit report of even date  
**For Manubhai & Shah LLP**  
Chartered Accountants  
Firm Regn. No. : 106041W/W100136

**K. C. Patel**  
Partner  
Membership No. : 030083  
Place: Ahmedabad  
Date : May 28, 2023

***Consolidated  
Financial Statements***

## **Independent Auditors' Report**

### **To the Members of Sadbhav Engineering Limited**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Qualified Opinion**

We have audited the accompanying consolidated financial statements of Sadbhav Engineering Limited (hereinafter referred to as "the Holding Company" or "the Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Statement of Cash Flows, 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, except for the matters described in the "Basis for Qualified Opinion" section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act"), as amended 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, 2023, its consolidated loss including other comprehensive income and its consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### **Basis for Qualified Opinion**

1. As detailed in Note 68 of the accompanying statement, with respect to Sadbhav Vidarbha Highway Limited (Concessionaire or SVHL), step down subsidiary of the group in which case lenders of SVHL has exercised right of substitution of concessionaire in the month of February, 2023. The Concessionaire vide its letter dated May 5, 2023 had recommended National Highway Authority of India (NHAI), harmonious substitution of concessionaire. The approval of NHAI is awaited. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial statements of SVHL and the financial statements of SVHL is prepared on going concern basis. Owing to the uncertainty of outcome of substitution proceedings and lack of other alternate audit evidence, we are unable to comment about adjustment that may be required to the carrying value of assets and liabilities in respect of SVHL and their consequential impact on the financial position of the Group as on March 31, 2023.
2. As detailed in Note 70(a) of the accompanying Consolidated Financial Statements, with respect to Sadbhav Bangalore Highway Private Limited (SBGHPL), step down subsidiary of the group in which Goods and Service Tax credit receivables are carried in the Balance sheet at Rs. 4,267.40 Lakhs under the Other Current assets. However, during financial year 2022-2023, the SBGHPL does not have any business activity, nor are we informed about the management plan for taking up other business activity. Hence we are unable to comment about utilization / realisation of such tax credit receivables.
3. As detailed in Note 66 and 67 of the accompanying Consolidated Financial Statements, with respect to Rohtak Panipat Tollway Private Limited (RPTPL) and Rohtak Hisar Tollway Private Limited (RHTPL), step down subsidiaries of the Group in which interest on rupee term loan from banks and financial institutions as well as unsecured loans from group

companies have not been accounted considering the fact that both subsidiaries have issued termination notices and lenders of both step down subsidiaries have classified all the secured borrowings as nonperforming assets. This has resulted in the understatement of finance cost and the related interest liability and corresponding understatement of losses, amount of which is unascertained.

The auditors of RPTPL and RHTPL have expressed qualified opinion on the financial statements of RPTPL and RHTPL for the year ended March 31, 2023 vide their report dated May 25, 2023.

4. As detailed in Note 69 of the accompanying statement, with respect to Sadbhav Nainital Highway Limited (Concessionaire or SNHL), step down subsidiary of the group in which case National Highway Authority of India (NHAI) vide its letter dated April 17, 2023 has given In-Principal approval for harmonious substitution of concessionaire. As mentioned in the said note, no adjustment to the carrying value of assets and liabilities have been made in the financial statements of SNHL and the financial statements of SNHL is prepared on going concern basis pending finalization of substitution.

The auditor of SNHL have expressed qualified opinion on the financial statements of SNHL for the year ended dated May 26, 2023 vide their report dated May 26, 2023.

5. As detailed in Note 71(a) of the accompanying Consolidated Financial Statements, with respect to Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), step down subsidiary of the group in which Goods and Service Tax credit receivables are carried in the Balance sheet at Rs. 1,554.50 Lakhs under Other Current assets. However, during financial year 2022-2023, the SJRRPL does not have any business activity, nor are we informed about the management plan for taking up other business activity.

The auditor of SJRRPL have expressed qualified opinion on the financial statements of SJRRPL for the year ended March 31, 2023 vide their report dated May 26, 2023 mentioning that they are unable to comment about the utilization / realization of such tax credits in foreseeable future.

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 Companies Act, 2013(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 qualified audit opinion on the consolidated financial statements.

#### **Material uncertainty related to going concern**

We draw attention to Note 75 to the accompanying Consolidated Financial Statements, which indicates that, there are defaults in repayment of due to lenders and the Holding Company finds difficulty in meeting obligations of payment to suppliers and statutory dues. Further consortium of the lenders of the Holding Company have executed Inter-Creditor Agreement on December 26, 2022 and accounts by the respective lenders have been classified as Non-Performing Assets. Further, as per the Consolidated Financial Statements of the Company, as of that date the current liabilities of the Group exceeded the current assets by Rs. 31,676.80 Lakhs.

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

Our opinion is not modified in respect of this matter.

#### **Emphasis of Matters**

We draw attention to:

1. Note 61 to the accompanying Consolidated Financial Statements in respect of balances in the account of parties pertaining to trade payables and other incidental balances which are under evaluation by management and subject to confirmation by the parties.
2. Note 66 & 67 of the accompanying Consolidated Financial Statements with respect to preparation of financial statement of Rohtak Panipat Tollway Private Limited (RPTPL) and Rohtak Hissar Tollway Private Limited (RHTPL) step-down subsidiaries on non-going concern basis on account of issue of termination notice by RPTPL and RHTPL to Nation Highway Authority of India (NHAI) and consequently following adjustments to carrying value of assets and liabilities considering non going concern basis have been made:
  - transfer of carrying value of intangible assets to claims receivable from NHAI.
  - de-recognition of major maintenance obligation and/or premium obligation under Concession Agreement.
3. Note 72 of the Consolidated Financial Statements in respect of accounting of Intangible Asset/ Intangible Assets under Development of Rs. 22,288.40 Lakhs under the Service Concession Arrangement of one of the step down subsidiaries of the group namely Maharashtra Border Check Post Network Limited (MBCPNL) based upon recommendation made by the project lenders' engineer and technical experts appointed by project authorities. Pending final approval by the Government of Maharashtra, no adjustments are considered necessary in these Consolidated Financial Statements.

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 for the financial year ended March 31, 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit report furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements:



Key Audit Matter Description	Response to Key Audit Matter
<p><b>A. Recognition of Contract Revenue:</b></p> <p>The Holding Company's revenue primarily arises from construction contracts which, by their nature, are complex given the significant judgments involved in the assessment of current and future contractual performance obligations.</p> <p>The Holding Company recognizes revenue and the resultant profit / loss relying on the estimates in relation to forecast contract revenue and forecast contract costs on the basis of stage of completion which is determined based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The revenue on contracts may also include variable considerations which are recognized when the recovery of such consideration is highly probable.</p> <p>These contract estimates are reviewed by the management on a periodic basis. In doing so, the management is required to exercise judgement in its assessment of the valuation of contract variations and claims as well as the completeness and accuracy of forecast costs to complete and the ability to deliver contracts within contractually determined timelines.</p> <p>Changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margins.</p> <p>In view of the involvement of significant estimates by the management and material impact on the Financial Statements, the matter has been determined as Key Audit Matter.</p> <p>Refer Note 36 to the consolidated financial statements.</p>	<p>Our audit procedures to address this key audit matter included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Evaluating the appropriateness of the Company's accounting policy for revenue recognition.</li> <li>• Obtaining an understanding of the Company's processes and evaluating the design and testing the effectiveness of key internal financial controls, including those related to review and approval of contract estimates.</li> <li>• For a sample of contracts, testing the appropriateness of amount recognized as revenue, basis percentage of completion method by evaluating key management judgements inherent in determining forecasted contract revenue and costs to complete the contract, including: <ul style="list-style-type: none"> <li>- verifying the underlying documents such as original contract and its amendments, if any, for reviewing the significant contract terms and conditions;</li> <li>- evaluating the identification of performance obligation of the contract;</li> <li>- testing the existence and valuation of variable consideration with respect to the contractual terms and inspecting the related correspondences with customers; and</li> <li>- reviewing legal and contracting experts' reports received on certain contentious matters;</li> <li>- For cost incurred to date, testing samples to appropriate supporting documents and performing cut-off procedures;</li> <li>- Performing analytical procedures for reasonableness of revenue recognised; and</li> <li>- Evaluating the appropriateness and adequacy of the disclosures related to contract revenue and costs in the standalone financial statements in accordance with the applicable accounting standards.</li> </ul> </li> </ul>
<p><b>B. Revenue from Toll Operation and Construction Services under Service Concession Agreements:</b></p> <p>(Re-produced from the report dated May 28, 2023 of the statutory auditor of SIPL on its 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 processes and controls placed for revenue recognition process, evaluated the key controls around such process and tested those controls for the design and operating effectiveness.</li> </ul>

Key Audit Matter Description	Response to Key Audit Matter
<p>The Group has certain operational BOT assets and under construction hybrid annuity assets of road infrastructure under the concession agreement with National Highway Authority of India (NHAI) or state/local authorities which falls within the scope of Appendix C of Ind AS 115, Service Concession Arrangements.</p> <p>In case of operational BOT assets (intangible), the company operates and earns revenue by collecting toll on the road constructed. This involves large volume of cash collection and use of technology, specifically, customized equipment installed at the toll plaza for correctly identifying vehicle type, calculating fare and for appropriate billing and collection. Revenue from Toll operation for the year ended on March 31, 2023 is Rs. 48,675.60 Lakhs.</p> <p>In case of hybrid annuity assets (financial assets), the group provides construction and operational and maintenance services against fixed annuity receivable from NHAI under the concession agreement. Revenue recognition involves significant judgement and estimates relating to identification of distinct performance obligations, determination of fair value of services and finance income on financial assets using effective interest rate. Revenue from Construction Services for the year ended on March 31, 2023 is Rs. 33,427.40 Lakhs.</p> <p>Based on above, we regard this as the key audit matter.</p>	<ul style="list-style-type: none"> <li>• Below are our audit procedures in respect of revenue from Toll Operation: <ul style="list-style-type: none"> <li>- Tested Information Technology General Controls (ITGCs) and application controls relating to the tolling systems' operation, including access, operations and change management controls.</li> <li>- Obtained and tested reconciliation of toll collected as per transaction report (generated from toll system) with cash deposited in bank and revenue recorded in the books.</li> <li>- Tested the rationalisation done by management by multiplying the toll rate charged for each category of vehicle as per NHAI or state/local authorities' notification with the number of vehicles (as per transaction report) and its reconciliation with the revenue recorded in the books.</li> <li>- On test check basis, traced the daily collection from bank statement to daily cash toll collected and the revenue recorded.</li> <li>- Performed analytical procedures to detect unusual transactions/trends for further examination, including testing of exemptions and other dispensations allowed.</li> <li>- On test check basis, tested classification of vehicle independently from stored images and videos recorded by the Group.</li> <li>- Performed revenue cut off procedures.</li> </ul> </li> <li>• Below are our audit procedures in respect of revenue from hybrid annuity assets: <ul style="list-style-type: none"> <li>- Obtained and assessed key terms of the concession agreement.</li> <li>- Obtained and assessed basis of identification performance obligation and determination of fair value of services.</li> <li>- Obtained and assessed the key assumptions around the financial model like forecasting of price escalation and corresponding costs which is used during financial closure documents.</li> <li>- Tested the arithmetical accuracy of the model as well determination of effective interest rate.</li> </ul> </li> </ul> <p>Assessed the relevant disclosures made by the Group relating to the revenue.</p>

Key Audit Matter Description	Response to Key Audit Matter
<p><b>C. Measurement of Contract assets in respect of unbilled amounts and evaluation of recoverability of the carrying value of Contract Assets:</b></p> <p>The Holding Company, as at 31 March 2023, has Contract Assets (unbilled work-in-progress) amounting to Rs. 83,647.67 Lakhs which represent various receivables in respect of closed, suspended or terminated projects. The Company is in process of arbitration or litigation with the various customers in respect of the aforementioned Contract Assets.</p> <p>The Management, based on contractual tenability, progress of the negotiations, discussions, arbitration, litigation and relying on the legal opinion obtained from independent legal and contracting experts' in certain cases, has determined that after making necessary written off of ir-recoverable amount, no further provision is required to be recognized for the aforementioned receivables.</p> <p>Considering the materiality of the amounts involved, uncertainty associated with the outcome of the arbitration or litigation process and significance of management judgement involved in assessing the recoverability, the matter has been determined as a key audit matter in the audit of the consolidated financial statements.</p> <p>Refer Note No 23.2 to the consolidated financial statements.</p>	<p>Our audit procedures to address this key audit matter included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Company's processes and evaluating the design and testing the effectiveness of key internal financial controls, including those related to review and approval of contract estimates.</li> <li>• Assessed the reasonability of judgements exercised and estimates made by management with respect to the recoverability of the Contract Assets and validated them with corroborating evidence.</li> <li>• Verified contractual arrangements to support management's position on the tenability and recoverability of these receivables;</li> <li>• Reviewed legal and contracting experts' reports received on certain contentious matters;</li> </ul> <p>Evaluated the appropriateness and adequacy of the disclosures related to contract revenue and costs in the standalone financial statements in accordance with the applicable accounting standards.</p>
<p><b>D. Impairment of Toll Collection Assets and Financial assets:</b></p> <p>(Re-produced from the report dated May 28, 2023 of the statutory auditor of SIPL on its consolidated financial statements)</p> <p>The Group operates toll asset which is constructed on Build Operate and Transfer (BOT) basis and Hybrid Annuity (HAM) assets. The carrying value of the Toll Collection Rights ('TCR') as at March 31, 2023 is Rs. 16013.30 Lakhs.</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</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 Carrying Value.</li> <li>• Obtained the financial model and understood the key assumptions around the cash flow forecasts like growth rate, change in traffic and toll and future operating and finance costs considering the current and estimated future economic conditions</li> <li>• Together with our valuation specialists, we assessed the inputs and assumptions around the key drivers of the cash flow</li> </ul>

Key Audit Matter Description	Response to Key Audit Matter
<p>sensitive to changes in key assumptions used for forecasting 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 Carrying value involves significant judgement.</p> <p>Accordingly, the impairment assessment of asset operated under concession arrangement was determined to be a key audit matter in our audit of the consolidated financial statements.</p>	<p>forecasts against historical performance, economic and industry indicators.</p> <ul style="list-style-type: none"> <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 financial statements.</p>
<p><b>E. Receivable from authorities towards various claims:</b></p> <p>(Re-produced from the report dated May 28, 2023 of the statutory auditor of SIPL on its consolidated financial statements)</p> <p>As at March 31, 2023, the Group has recognised Rs. 22,7699.10 Lakhs of receivables from authorities towards various claims.</p> <p>The receivables comprise of receivables towards arbitration claim, toll suspension, Termination Payment, Operation &amp; Maintenance claims and toll exemption claim.</p> <p>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> <li>• Assessed the disclosures made by the Group in relation to this matter</li> <li>• Assessed the reasonability of judgements exercised and estimates made by management with respect to the amount receivable from authorities and validated them with corroborating evidence.</li> </ul>

**Information Other than the Consolidated Financial Statements and Auditor’s Report thereon**

The Holding 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 consolidated financial statements and our auditor’s report thereon. The other information report is expected to be made available to us after the date of this auditor's report.

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 consolidated 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. When we read the other

information report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance to initiate actions applicable in the applicable laws and regulations.

#### **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 management and 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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 the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- 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.

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, 2023 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 One subsidiary company and Eight step-down subsidiary companies, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 5,74,118.70 Lakhs as at March 31, 2023, total revenues (before consolidation adjustments) of Rs. 41,837.85 Lakhs, total net (loss) /profit after tax (before consolidation adjustments) of Rs. (31,395.50) Lakhs, total comprehensive income (before consolidation adjustments) of Rs. (31,396.10) Lakhs and net cash (outflows) (before consolidation adjustments) Rs. (6,986.70) Lakhs for the year ended on that date respectively, as considered in the consolidated financial statements.

These financial statements and other financial information have been audited by other auditors whose 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 our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such 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**

1. 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, 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 except for the matter described in the Basis for Qualified Opinion paragraph, 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) Except for the matters described in the basis for qualified opinion paragraph above, in our opinion proper books of account as required by law relating to preparation of the consolidated 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, the 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 maintained for the purpose of preparation of the consolidated financial statements;
  - (d) Except for matters described in the Basis for Qualified Opinion paragraph above, 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) In our opinion, the matters described in the Basis for Qualified Opinion paragraph above may have an adverse effect on the functioning of the Group;
  - (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 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, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

- (g) 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, and its subsidiary companies incorporated in India, refer to our separate report in "Annexure B" to this report. Our report expresses a qualified opinion on the operating effectiveness of the Group's internal financial controls with reference to financial statements;
- (h) 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, 2023 has been paid / provided by the Holding Company; its subsidiaries and step-down subsidiaries to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) 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 reports 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 consolidated financial position of the Group – Refer Note 51 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, 2023;
  - 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, 2023.
  - iv. (a) The respective management of the Holding Company, its subsidiaries and its step-down subsidiaries and respective auditors of such subsidiaries and step down subsidiaries which are incorporated in India, whose financial statements are audited under the Act have represented to us that to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company, its subsidiaries and its step-down subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, its subsidiaries and its step-down subsidiaries "Ultimate Beneficiaries") or
    - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
  - (b) The respective management of the Holding Company, its subsidiaries and its step-down subsidiaries incorporated in India, whose financial statements are audited under the Act, have represented to us and respective auditors of such subsidiaries and step down subsidiaries have represented to us that to the best of their knowledge and belief, no funds have been received by the Holding Company, its subsidiaries and its step-down subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding,

whether recorded in writing or otherwise, that the Holding Company, its subsidiaries and its step-down subsidiaries shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever or on behalf of the Funding Party (“Ultimate Beneficiaries”) or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries;

(c) Based on such audit procedures as considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are incorporated in India, whose financial statements are audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement;

v. The Holding Company, its subsidiaries and its step-down subsidiaries have not declared or paid any dividend during the year and has not proposed final dividend during the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (Edit Log) facility is applicable to the Holding Company and its subsidiaries and joint ventures with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor’s Report) Order, 2020 (the “Order”/ “CARO”) issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor’s report, based on our audit and on the consideration of reports of other auditors on separate financial statements and the other financial information of the subsidiaries and step down subsidiaries included in the Consolidated Financial Statements of the Company, incorporated in India, as noted in the ‘Other Matter’ paragraph we give in the “Annexure A” a statement on the matters specified in paragraph 3(xxi) of the Order.

**For, Manubhai & Shah LLP**  
**Chartered Accountants**  
Firm Registration No : 106041W/W100136

**Place: Ahmedabad**  
**Date: May 28, 2023**

**K. C. Patel**  
**Partner**  
Membership No: 030083  
ICAI UDIN: 23030083BGWUWP6980

**Sadbhav Engineering Limited**  
**Annexure – A to the Independent Auditor’s Report**

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date)

Summary of comments and observations given by the respective auditors in the Companies (Auditors Report) Order 2020 of the respective Holding, subsidiary and step down subsidiary companies is given hereunder:

In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have adverse remarks given by the respective auditors in their reports under the Companies (Auditor’s Report) Order, 2020 (CARO):

Sr No.	Name	Corporate Identification Number (CIN)	Holding Company/ Subsidiary / Step Down Subsidiary	Clause number of the CARO report which may have possible adverse impact
1	Sadbhav Engineering Limited	L45400GJ1988PL C011322	Holding Company	(ii),(iii),(vii),(ix),(xiv),(xvii),(xix)
2	Sadbhav Infrastructure Projects Limited	L45202GJ2007PL C049808	Subsidiary	(iii),(vii),(xvii),(xix)
3	Sadbhav Gadag Highway Private Limited	U45309DL2018PT C335962	Subsidiary	(vii), (xx)
4	Sadbhav Bhavnagar Highway Limited (Formerly known as Sadbhav Bhavnagar Highway Private Limited)	U45309GJ2016PL C092557	Step Down Subsidiary	(vii),(ix), (xvii)
5	Sadbhav Una Highway Limited (Formerly known as Sadbhav Una Highway Private Limited)	U45500GJ2016PL C092589	Step Down Subsidiary	(vii),(ix), (xvii)
6	Sadbhav Bangalore Highway Private Limited	U45202GJ2016PT C094257	Step Down Subsidiary	(vii),(ix),(xiv),(xix)
7	Sadbhav Udaipur Highway Limited (Formerly known as Sadbhav Udaipur Highway Private Limited)	U45309GJ2017PL C097508	Step Down Subsidiary	(vii),(ix),(xiv),(xvii)
8	Sadbhav Kim Expressway Private Limited	U45309GJ2018PT C101800	Step Down Subsidiary	(iii),(vii),(xiv)
9	Sadbhav Vidarbha Highway Limited (Formerly known as Sadbhav Vidarbha Highway Private Limited)	U45500GJ2017PL C097040	Step Down Subsidiary	(vii),(ix),(xiv),(xvii),(xix)
10	Sadbhav Hybrid Annuity Projects Limited	U45500DL2018PL C335787	Step Down Subsidiary	(vii),(ix),(xvii),(xix)
11	Sadbhav Infra Solutions Private Limited (Formerly known as Sadbhav Bhimasar Bhuj Highway Private Limited)	U45309GJ2018PT C101821	Step Down Subsidiary	(vii), (xvii)
12	Sadbhav Jodhpur Ring Road Private Limited	U45309GJ2018PT C110367	Step Down Subsidiary	(vii),(xvii),(xix)
13	Rohtak-Hissar Tollway Private Limited	U45203GJ2013PT C074446	Step Down Subsidiary	(vii),(ix),(xvii),(xix)



<b>Sr No.</b>	<b>Name</b>	<b>Corporate Identification Number (CIN)</b>	<b>Holding Company/ Subsidiary / Step Down Subsidiary</b>	<b>Clause number of the CARO report which may have possible adverse impact</b>
14	Rohtak-Panipat Tollway Private Limited	U45202GJ2010PT C059322	Step Down Subsidiary	(vii),(ix), (xvii),(xix)
15	Ahmedabad Ring Road Infrastructure Limited	U45203GJ2006PL C048981	Step Down Subsidiary	(iii),(vii),(xiv)
16	Sadbhav Rudrapur Highway Limited (Formerly known as Sadbhav Rudrapur Highway Private Limited)	U45203GJ2016PL C091774	Step Down Subsidiary	(vii), (xvii), (xx)
17	Sadbhav Nainital Highway Limited (Formerly known as Sadbhav Nainital Highway Private Limited)	U45309GJ2016PL C091777	Step Down Subsidiary	(vii),(xvii),(xx)
18	Sadbhav Maintenance Infrastructure Private Limited (Sadbhav Vizag Port Road Private Limited)	U45309GJ2018PT C101832	Step Down Subsidiary	(vii),(xvii)
19	Maharashtra Border Check Post Network Limited	U45201GJ2009PL C056327	Step Down Subsidiary	(vii),(ix)

**For, Manubhai & Shah LLP**  
**Chartered Accountants**  
Firm Registration No : 106041W/W100136

**Place: Ahmedabad**  
**Date: May 28, 2023**

**K. C. Patel**  
**Partner**  
Membership No: 030083  
ICAI UDIN: 23030083BGWUWP6980

**Sadbhav Engineering Limited**

**Annexure B to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Sadbhav Engineering Limited (Referred to in Paragraph 1 (g) under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)**

**Report on the Internal Financial Controls with reference to financial statements 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, 2023, we have audited the internal financial controls with reference to financial statements 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.

**Responsibility of the Management and Those Charged with Governance 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 with reference to financial statements 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary Companies, as aforesaid, 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 with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls, 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 With Reference to these Consolidated Financial Statements**

A Holding company's internal financial control 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 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 With Reference to these Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control 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.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Holding Company's and Sadbhav Infrastructure Project Limited (SIPL), one of the subsidiary's internal financial controls with reference to consolidated financial statements as at March 31, 2023:

- There was weakness in operating effectiveness over system of creation and issuance of purchase order, goods receipt note, accounting of consumption and processing of invoices of the Holding Company which could result into possible adjustments of transactions / balances.
- In our opinion, the Holding Company's system for processing of journal entries into accounting software does not have maker checker system which could result into possible effect to the processing of transactions and its consequential effect on balances.
- SIPL, one of the subsidiary Company's internal processes with regards to the confirmation and reconciliation of trade payables, trade receivables, other incidental balances pertaining to the said trade payables and trade receivables are not operating effectively which could result into possible adjustments of balances.

The auditor of SIPL have expressed qualified opinion on the internal financial controls over financial reporting for the year ended March 31, 2023 vide their report dated May 28, 2023.

- SIPL, one of the subsidiary Company's system for processing of journal entries into accounting software does not have maker checker system which could result into possible effect to the processing of transactions and its consequential effect on balances.

The auditor of SIPL have expressed qualified opinion on the internal financial controls over financial reporting for the year ended March 31, 2023 vide their report dated May 28, 2023.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to the standalone financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim standalone financial statements will not be prevented or detected on a timely basis.

In our opinion and based on the consideration of the report of other auditors on internal financial controls with reference to financial statements of subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements as at March 31, 2023, based on the internal control over financial reporting criteria established by the group considering the essential components of internal control stated in the Guidance Note issued by ICAI, and, except for the possible effects of material weakness in operating effectiveness of internal financial control as described above on achievement of objective of control, the Group's internal financial controls with reference to these consolidated financial statements were operating effectively as at March 31, 2023.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group which are companies covered under the Act, as at and for the year ended March 31, 2023, and these material weaknesses have not affected our opinion on the consolidated financial statements of the Group and we have not issued a qualified opinion on the consolidated financial statements.

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to these consolidated financial statements of the Holding Company, in so far as it relates to One subsidiary and Eight 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.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

**For, Manubhai & Shah LLP**  
**Chartered Accountants**  
Firm Registration No : 106041W/W100136

**Place: Ahmedabad**  
**Date: May 28, 2023**

**K. C. Patel**  
**Partner**  
Membership No: 030083  
ICAI UDIN: 23030083BGWUWP6980

**SADBHAV ENGINEERING LIMITED**  
CIN :: L45400GJ1988PLC011322  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023**

(Rs. in Lakhs)

PARTICULARS	Note No.	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, Plant & Equipment	5	12999.45	19296.70
(b) Right to Use Assets	5	-	148.07
(c) Capital Work-In-Progress	5	376.91	376.91
(d) Investment Property	6	94.10	94.10
(e) Goodwill	7	2653.00	2653.00
(f) Other Intangible Assets	7	16058.32	18948.98
(h) Financial Assets			
(i) Investments	8	12223.64	17664.12
(ii) Trade Receivables	9	2830.04	13236.35
(iii) Loans	10	54.10	77.60
(iv) Receivable Under Service Concession Agreement	11	175759.90	332488.40
(v) Other Financial Assets	12	9007.67	10108.38
(i) Deferred Tax Assets (Net)	13	10115.67	10220.38
(j) Other Non Current Assets	14	1883.70	900.54
<b>Total Non-current Assets</b>		<b>244056.50</b>	<b>426213.53</b>
<b>Current Assets</b>			
(a) Inventories	15	3304.43	10749.85
(b) Financial Assets			
(i) Trade Receivables	16	38577.14	32310.11
(ii) Cash and cash Equivalents	17	10669.77	15676.29
(iii) Bank balance other than (ii) above	18	1071.87	5564.60
(iv) Loans	19	1031.72	3218.95
(v) Receivable Under Service Concession Agreement	20	46150.60	36813.00
(vi) Other Current Financial Assets	21	241857.43	273494.44
(c) Current Tax Assets	22	5144.41	7541.78
(d) Other Current Assets	23	163444.25	148830.29
<b>Total Current Assets</b>		<b>511251.62</b>	<b>534199.31</b>
<b>Assets classified as held for sale</b>	56	<b>221612.20</b>	<b>141363.70</b>
<b>Total Assets</b>		<b>976920.32</b>	<b>1101776.54</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	24	1715.71	1715.71
(b) Other Equity	25	15807.24	78437.76
(c) Non Controlling Interest		16028.46	26031.60
		<b>33551.41</b>	<b>106185.07</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	26	178253.49	298497.78
(ii) Other Financial Liabilities	27	8000.30	3513.90
(b) Deferred Tax Liabilities (Net)	28	6518.20	8948.70
(c) Provisions	29	121.50	72.30
<b>Total Non-current Liabilities</b>		<b>192893.49</b>	<b>311032.68</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	30	297057.82	277391.91
(ii) Trade Payables	31		172.24
a. Total outstanding dues of micro and small enterprises		881.64	1604.50
b. Total outstanding dues of creditors other than micro and small enterprises		67101.34	65758.85
(iii) Other Financial Liabilities	32	137177.93	138739.65
(b) Other Current Liabilities	33	32661.73	49040.05
(c) Provisions	34	6520.36	3508.70
(d) Current Tax Liabilities (net)	35	1527.60	1199.29
<b>Total Current Liabilities</b>		<b>542928.42</b>	<b>537415.19</b>
<b>Liabilities relating to assets classified as held for sale</b>	56	<b>207547.00</b>	<b>147144.60</b>
<b>Total Equity &amp; Liabilities</b>		<b>976920.32</b>	<b>1101776.54</b>

Summary of significant accounting policies 1 to 4  
The accompanying notes are an integral part of the consolidated financial statements 5 to 78

For and on behalf of Board,

**Shashin V. Patel**  
Chairman and  
Managing  
Director

DIN : 00048328

**Dwigesh Joshi**  
Executive Director &  
Chief Financial Officer

DIN : 09733282

**Hardik Modi**  
Company Secretary  
Membership No. F9193

As per our Audit Report of even date attached  
For Manubhai & Shah LLP  
Chartered Accountants

Firm Regn. No. :: 106041W/W100136

**K. C. Patel**  
Partner

Membership No. :: 030083

Place: Ahmedabad

Date : May 28, 2023



**SADBHAV ENGINEERING LIMITED**

CIN :: L45400GJ1988PLC011322

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023**

(Rs. in Lakhs)

PARTICULARS	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I Revenue from Operations	36	177693.69	190770.10
II Other Income	37	39955.57	92003.88
<b>III Total Revenue (I+II)</b>		<b>217649.26</b>	<b>282773.98</b>
<b>IV Expenses :</b>			
Cost of Material Consumed	38	12293.84	21013.36
Construction, Toll Plaza & Road Maintenance Expenses	39	107584.97	105403.59
Employee Benefits Expense	40	6585.59	11308.37
Finance Cost	41	66106.38	97542.59
Depreciation and Amortization Expense	5 to 7	13096.79	16687.33
Other Expenses	42	46432.50	87796.03
<b>Total Expenses</b>		<b>252100.07</b>	<b>339751.27</b>
V (Loss) Before Exceptional Items and Tax (III-IV)		<b>(34450.81)</b>	<b>(56977.29)</b>
VI Exceptional Item (Net of Expenses)	65	(36883.14)	(16517.43)
<b>VII (Loss) Before Tax (V+VI)</b>		<b>(71333.95)</b>	<b>(73494.72)</b>
VIII Tax Expense	43		
(1) Current Tax		2048.60	992.40
(2) Deferred Tax		(1811.89)	925.15
(3) Short/(Excess) Provision for taxation for earlier years		(1631.68)	(2572.95)
		<b>(1394.97)</b>	<b>(655.40)</b>
<b>IX (Loss) for the year (VII-VIII)</b>		<b>(69938.98)</b>	<b>(72839.32)</b>
<b>X Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/(losses) on defined benefit plans (refer note 48)		38.41	219.51
Net Comprehensive Income not to be reclassified to profit or loss in subsequent periods:		<b>38.41</b>	<b>219.51</b>
<b>Total Comprehensive Income for the year</b>		<b>(69900.57)</b>	<b>(72619.81)</b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(58909.84)	(72370.18)
Non-controlling Interest		(11029.14)	(469.14)
<b>Other Comprehensive Income for the year attributable to</b>			
Owners of the company		32.81	219.51
Non-controlling Interest		5.60	-
<b>Total Comprehensive Income for the year attributable to:</b>			
Owners of the company		(58877.06)	(72150.67)
Non-controlling Interest		(11023.51)	(469.14)
<b>XI Earning / (Loss) per Equity Share having face value of Re. 1/-</b>			
(1) Basic		<b>(34.34)</b>	<b>(42.18)</b>
(2) Diluted		<b>(34.34)</b>	<b>(42.18)</b>

Summary of significant accounting policies

1 to 4

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

5 to 78

For and on behalf of Board,

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

**Dwigesh Joshi**  
Chief Financial Officer  
DIN : 09733282

**Hardik Modi**  
Company Secretary  
Membership No. F9193

As per our Audit Report of even date attached

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

**K. C. Patel**  
Partner  
Membership No. :: 030083

Place: Ahmedabad  
Date : May 28, 2023

**Sadbhav Engineering Limited**

CIN :: L45400GJ1988PLC011322

**Consolidated Statement of Changes in Equity for the year ended March 31, 2023****A Equity Share Capital**

(Rs. in Lakhs)

Particulars	Balance at the beginning of the reporting period	Changes in Equity Share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share capital during the year	Balance at the end of the reporting period
As on March 31, 2023	1715.71	-	-	-	1715.71
As on March 31, 2022	1715.71	-	-	-	1715.71

**B Other Equity**

(Rs. in Lakhs)

Particulars	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)	Other Comprehensive Income		
As at April 01, 2021	33104.47	57134.05	3843.50	31293.38	17221.53	216.29	33913.19	176726.41
Profit/(Loss) for the year	-	-	-	-	(72370.88)	168.41	(469.14)	(72671.61)
Other Comprehensive Income (OCI)	-	-	-	-	91.80	-	-	91.80
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>(72279.08)</b>	<b>168.41</b>	<b>(469.14)</b>	<b>(72579.81)</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	47.06	-	-	47.06
Transfer to/from debenture redemption reserve	-	-	2115.04	(2115.04)	-	-	-	-
Adjustment on acquisition of shares of Subsidiary	-	-	-	-	-	-	(590.36)	(590.36)
Transfer of amount from non-controlling interest	-	-	-	-	(8002.81)	-	8002.81	-
Loss of Subsidiary for previous year	-	-	-	-	-	-	-	-
Transfer from Reserve	-	-	-	(221.54)	-	-	-	(221.54)
<b>As at March 31, 2022</b>	<b>33104.47</b>	<b>57134.05</b>	<b>1728.46</b>	<b>33186.88</b>	<b>(47101.80)</b>	<b>384.70</b>	<b>26031.60</b>	<b>104468.36</b>
As at April 01, 2022	33104.47	57134.05	1728.46	33186.88	(47101.80)	384.70	26031.60	104468.36
Profit/(Loss) for the year	-	-	-	-	(58913.05)	38.40	(11024.21)	(69898.86)
Other Comprehensive Income (OCI)	-	-	-	-	-	-	(5.60)	(5.60)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>(58913.05)</b>	<b>38.40</b>	<b>(11029.81)</b>	<b>(69904.46)</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Transfer to/from debenture redemption reserve	-	-	-	-	-	-	-	-
Acquisition of shares of Subsidiary	-	-	-	-	-	-	-	-
Adjustment on account of acquisition of non-controlling interest	-	-	-	-	2126.42	-	-	2126.42
Adjustment on account of carve out asset	-	-	-	-	604.10	-	-	604.10
Transfer of amount from non-controlling interest	-	-	-	-	1021.20	3.15	(1026.67)	(2.32)
Transfer from Reserve	-	-	-	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>33104.47</b>	<b>57134.05</b>	<b>1728.46</b>	<b>33186.88</b>	<b>(109766.57)</b>	<b>419.95</b>	<b>16028.46</b>	<b>31835.70</b>

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

For and on behalf of Board,

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

**Dwighesh Joshi**  
Executive Director & Chief Financial Officer  
DIN : 09733282

**Hardik Modi**  
Company Secretary  
Membership No. F9193

As per our Audit Report of even date attached  
For Manubhai & Shah LLP  
Chartered Accountants

Firm Regn. No. : 106041W/W100136

**K. C. Patel**  
Partner  
Membership No. : 030083  
Place: Ahmedabad  
Date : May 28, 2023

SADBHAV ENGINEERING LIMITED CIN :: L45400GJ1988PLC011322 CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023				
(Rs. in Lakhs)				
PARTICULARS	For the year ended March 31, 2023		For the year ended March 31, 2022	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Loss before Tax as per Profit and Loss account		(71333.95)		(73494.72)
Adjustments For :				
Interest Income	(3733.32)		(94680.44)	
Interest Expenses	66106.38		97542.59	
Depreciation & Amortisation	13096.79		16687.33	
Provision for impairment of Contract Assets	6635.03		69391.76	
Exceptional Item	36883.14		-	
Actuarial Gain/Loss	38.41		219.51	
Written off the Receivables	26337.58		-	
Written back of the payables	(11066.47)		-	
Written off the Inventories	2163.40		-	
		136460.94		89160.75
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES (A)</b>		65126.98		15666.03
Adjustment For :				
(Increase)/Decrease of Long Term Trade Receivables	167134.81		(17649.17)	
(Increase)/Decrease of Trade Receivables	(50726.77)		(18788.73)	
(Increase)/Decrease of Other Current Assets	(21248.99)		(94108.73)	
(Increase)/Decrease of Other Current Financial Assets	31637.01		(129202.14)	
(Increase)/Decrease of Other Non Current Assets	(983.16)		5026.02	
(Increase)/Decrease of Other Non Current Financial Assets	1100.71		2089.60	
(Increase)/Decrease of Inventories	5282.02		3161.23	
(Increase)/Decrease of Loan given	(2661.03)		2372.81	
(Increase)/Decrease of Other Bank Balances	4492.73		(5064.81)	
Increase/(Decrease) of Other Long Term Financial Liabilities	4486.40		(106403.00)	
Increase/(Decrease) of Investment	(23416.19)		-	
Increase/(Decrease) of Trade Payables	11686.10		(26475.56)	
Increase/(Decrease) of Other Current Liabilities	(16378.32)		(4598.76)	
Increase/(Decrease) of Other Current Financial Liabilities	(1561.72)		68404.80	
Increase/(Decrease) of Provision	3060.86		(14179.50)	
		111904.46		(335415.94)
<b>Cash Generated From/ (used in) Operations</b>		177031.44		(319749.91)
Income Tax Refund		1794.86		10208.99
<b>Net Cash Flow Generated / (used in) From Operating Activities</b>		<b>178826.30</b>		<b>(309540.92)</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Purchase of Property, Plant & Equipments and Intangible Assets	(6623.12)		370248.26	
Sales of Property, Plant & Equipments	2257.91		4945.06	
Other Current Investments	-		706.40	
Proceeds from Other Non Current Investments (Net)	5440.48		54593.30	
Proceed/(Repayment) towards compound financial	(1625.98)		-	
Interest Received	3733.32	3182.61	94680.44	525173.46
<b>Net Cash Flow Generated From Investing Activities (B)</b>		<b>3182.61</b>		<b>525173.46</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds/(Repayment) of Long Term Borrowings (Net)	(120244.29)		(238252.67)	
Proceeds/(Repayment) of Short Term Borrowings (Net)	19665.91		105201.50	
Lease Liability	(172.24)		(1227.42)	
Interest Paid	(66106.38)		(97542.59)	
Assets held for sale	(19846.10)		20743.20	
Loss/(Profit) transfer to Non controlling Interest	(312.23)		375.09	
		(187015.33)		(210702.89)
<b>Net Cash Flow (Used in) Financing Activities (C)</b>		(187015.33)		(210702.89)
Net Increase/(Decrease) In Cash & Cash Equivalents (A+B+C)		(5006.42)		4929.65
Opening Balance Of Cash & Cash Equivalents		15676.19		10746.54
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>		<b>10669.77</b>		<b>15676.19</b>
<b>COMPONENTS OF CASH &amp; CASH EQUIVALENTS (refer note 18)</b>				
Cash On Hand		34.86		83.66
Balance In Current Account With Banks		4835.22		14201.78
Balance In Fixed Deposits		5799.69		1390.75
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>		<b>10669.77</b>		<b>15676.19</b>

Changes in liabilities arising from financing activities				
(Rs. In Lakhs)				
Particulars	April 1, 2022	Cash Flow	Other Adjustment	March 31, 2023
Long Term Borrowings (Including Current maturities of Long Term Debts)	329012.12	(117317.93)		211694.19
Short Term Borrowings	246876.57	16740.55		263617.12
Interest Accrued	62933.19	732.02		63665.21
Lease Liabilities	172.24	(172.24)		-
<b>Total</b>	<b>638994.12</b>	<b>(100017.60)</b>	-	<b>538976.52</b>

(Rs. In Lakhs)				
Particulars	April 1, 2021	Cash Flow	Other Adjustment	March 31, 2022
Long Term Borrowings (Including Current maturities of Long Term Debts)	633426.82	(304414.70)	-	329012.12
Short Term Borrowings	75513.04	171363.53	-	246876.57
Interest Accrued	38976.97	23956.22	-	62933.19
Lease Liabilities	1399.65	(1227.41)	-	172.24
<b>Total</b>	<b>749316.48</b>	<b>(110322.36)</b>	-	<b>638994.12</b>

**Notes:**

- All figures in bracket represent cash outflow.
- Fixed Deposits are pledged with Central and various State gov/undertakings and local bodies , hence not considered in Components of Cash & Cash equivalents
- Balances with banks includes balances of Rs. 3020.00 lakh (P.Y. : Rs. 7838.60 lakh) lying in the Escrow Accounts which are offered as security against borrowings as per terms of borrowings with the lenders.
- The cash flow statement has been prepared under indirect method as per Indian Accounting Standard -7 "Statement of Cash Flows".  
The accompanying notes are an integral part of the consolidated financial statements.

For and on behalf of Board,

**Shashin V. Patel**  
Chairman and Managing Director

**Dwighesh Joshi**  
Executive Director &  
Chief Financial Officer  
DIN : 09733282

**Hardik Modi**  
Company Secretary  
Membership No. F9193

As per our Audit Report of even date attached  
For Manubhai & Shah LLP  
Chartered Accountants  
Firm Regn. No. :: 106041W/W100136

**K. C. Patel**  
Partner  
Membership No. :: 030083

Place: Ahmedabad  
Date : May 28, 2023

**1 Corporate information:**

Sadbhav Engineering Limited (“The Company” or “Parent Company”) 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. The Company also establishes, maintains, operates, lease or transfers the above infrastructure facilities on BOT, BOLT and BOOT basis. It has two subsidiary Companies Sadbhav Infrastructure Project Limited (SIPL) and Sadbhav Gadag Highway Pvt Ltd.

Sadbhav Infrastructure Project Limited (SIPL), 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, 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, 2023. 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 consolidated financial statements were approved for issue in accordance with the resolution of the Board of Directors on May 28, 2023.

**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 the section 133 of Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India.

The consolidated financial statements of the Group have been prepared and presented 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 (‘₹’) which is also the Group’s functional currency and all values are rounded to the nearest Lakhs ( ₹ 00,000), except when otherwise indicated.

**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, except in case of trade receivables; 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 Group 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. Other than project related assets and liabilities, 12 months period is considered as normal operating cycle.

**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 2023. 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.

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.

The 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

## Sadbhav Engineering Limited

### Notes to consolidated Ind AS financial statements for the year ended March 31, 2023

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
- 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, 2023	As at March 31, 2022
1	Sadbhav Infrastructure Projects Ltd (SIPL)	69.76%	69.76%
2	Sadbhav Gadag Highway Pvt Ltd	74 %	74 %

Sr. No.	Name of step-down subsidiaries (subsidiaries of SIPL)	Proportion of Ownership Interest (%)	
		As at March 31, 2023	As at March 31, 2022
1.	Ahmedabad Ring Road Infrastructure Limited (ARRIL)	100%	100%
2.	Maharashtra Border Check Post Network Limited (MBCPNL)	51%	51%
3.	Rohtak Panipat Tollway Private Limited (RPTPL)	100%	100%
4.	Rohtak Hissar Tollway Private Limited (RHTPL)	100%	100%
5.	Sadbhav Bhavnagar Highway Limited (earlier known as Sadbhav Bhavnagar Highway Private Limited) (SBHL)	100%	100%
6.	Sadbhav Rudrapur Highway Limited (earlier known as Sadbhav Rudrapur Highway Private Limited) (SRHL)	100%	100%
7.	Sadbhav Una Highway Limited (earlier known as Sadbhav Una Highway Private Limited) (SUHL)	100%	100%
8.	Sadbhav Nainital Limited (earlier known as Sadbhav Nainital Highway Private Limited) (SNHL)	100%	100%
9.	Sadbhav Bangalore Highway Private Limited (SBGHPL)	100%	100%
10.	Sadbhav Udaipur Highway Limited (earlier known as Sadbhav Udaipur Highway Private Limited) (SUDHL)	100%	100%
11.	Sadbhav Vidarbha Highway Limited (earlier known as Sadbhav Vidarbha Highway Private Limited) (SVHL)	100%	100%
12.	Sadbhav Jodhpur Ring Road Private Limited (SJRRPL)	100%	100%
13.	Sadbhav PIMA Private Limited (earlier known as Sadbhav Tumkur Highway Private Limited) (SPPL)	-	100%

## Sadbhav Engineering Limited

### Notes to consolidated Ind AS financial statements for the year ended March 31, 2023

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14.	Sadbhav Maintenance Infrastructure Private Limited (earlier known as Sadbhav Vizag Port Road Private Limited) (SMIPL)	100%	100%
15.	Sadbhav Kim Expressway Private Limited (SKEPL)	100%	100%
16.	Sadbhav Infra Solutions Private Limited (earlier known as Sadbhav Bhimasar Bhuj Highway Private Limited) (SISPL)	100%	100%
17.	Sadbhav Hybrid Annuity Project Limited (SHAPL)	100%	100%

Note:

All the above entities have principal nature of activity as Infrastructure and are incorporated in India.

### **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 Property, Plant and Equipment:**

Property, Plant and Equipment 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.

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 Group and the cost of the item can be measured reliably.

## Sadbhav Engineering Limited

### Notes to consolidated Ind AS financial statements for the year ended March 31, 2023

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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 to 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 to the Companies Act, 2013 & useful life adopted by the Group are as follows:

<b>Asset Class</b>	<b>Useful life as per Schedule II</b>	<b>Useful life adopted by the Group</b>
Building	30 Years	30 Years
Building component	10 Years	10 Years
Office Building	60 Years	60 Years
Plant and Equipment	9 to12 Years	9 to12 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.

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

### **3.2 Revenue from contract with Customers**

#### **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”.

#### **iii Revenue from contracts with customer**

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 specific recognition criteria described below must also be met before revenue is recognized. The Group has concluded that it is principal in its revenue arrangements because it typically controls goods or services before transferring them to the customer.

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

#### **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 4.1 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).

- **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.

- **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 Group expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations). In addition, the Group 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.

### **3.3 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.

**3.4 Inventory**

Inventories are valued at lower of cost and net realizable value. Cost of materials is determined on first-in-first-out basis except in case of items produced by the Group, where the cost are derived on weighted average basis. Net realizable value is the estimated selling price less estimated cost necessary to make the sale.

Costs incurred in bringing each material to its present location and condition are accounted for as follows:  
Construction material: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost method.

**3.5 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 amortization 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.

**3.6 Business combinations and goodwill / Capital Reserve**

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.

**3.7 Foreign currency transactions:**

• **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.

• **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.

• **Exchange difference**

The Group accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

**i. Exchange differences arising from translation of foreign currency monetary items:**

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Statement of Profit and Loss.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset and exchange differences arising on other long-term foreign currency monetary items are accumulated in the “Foreign Currency Monetary Translation Account” and amortised 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.

**iii. Exchange differences arising from translation of foreign currency non monetary items:**

Nonmonetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary assets and

liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

### **3.8 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 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 ("NHAI"), 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.

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.

### **3.9 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.

The Group bases its impairment calculation on detailed forecasts calculation (DCF method). These 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 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.

### **3.12 Leases**

The Group has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognized on the date of initial application.

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 Group 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.

#### **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.

#### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee.

### **3.13 Trade Payables**

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method. Trade payables ageing has been presented based on the due date of transactions.

### **3.14 Trade Receivables**

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the EIR method, less provision for impairment. Trade receivables ageing has been presented based on the date of transactions.

### **3.15 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.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies of Revenue from contracts with customers.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at

amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

## **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 designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

### **• 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.

### **Financial assets at fair value through Other comprehensive income (FVOCI) (equity instrument)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments

designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are

recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

**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.

**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.

**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.

**3.16 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

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.

### **3.17 Employee Benefits**

#### **3.17.1 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.

#### **3.17.2 Post-Employment Benefits**

- **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.

- **Defined benefit plan**

The Group 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. The Group 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

### **3.17.3 Other employee 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.

### **3.18 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.

### **3.19 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.

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.

### **3.20 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. Provision 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.

### **3.21 Contingent liabilities and Commitments**

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.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

### **3.22 Contingent Assets**

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 Group. The Group does not recognize a contingent asset.

### **3.23 Premium deferment**

Premium deferral (i.e. premium payable less paid after adjusting premium deferment) 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.

### **3.24 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.

### **3.25 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.

### **3.26 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.

### **3.27 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. The Group Chief Operating Decision Maker is the Group Chief Executive Officer (Group CEO).

### **3.28 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.

### **3.29 Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## **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 3.2, 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 3.1 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5 to the consolidated financial statements .

**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 projected revenue requires significant assumption about expected growth rate and traffic projection for future. All assumptions are reviewed at each reporting date

**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.

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 on the basis of 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.

#### **Recent accounting pronouncements issued but not yet effective**

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below.

##### **1. Ind AS 1 - Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

##### **2. Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its financial statements.

##### **3. Ind AS 12 - Income Taxes**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its financial statement.

**SADBHAV ENGINEERING LIMITED****Notes forming Part of the consolidated financial statements****Note No. 5****Property, Plant and Equipments****(A) Owned Assets**

(Rs. in Lakhs)

Property, Plant and Equipments								
Particulars	Land	Building	Plant and Machineries	Furniture	Vehicles	Office Equipment	Total Tangible Assets	Capital Work In Progress
<b>Cost</b>								
<b>As at 01/04/2021</b>	<b>1109.24</b>	<b>4645.68</b>	<b>57217.73</b>	<b>1709.66</b>	<b>779.93</b>	<b>686.09</b>	<b>66148.76</b>	<b>376.91</b>
Addition	-	-	572.16	2.50	40.28	52.53	667.47	-
Disposal	-	-	10269.70	0.50	21.07	9.50	10300.77	-
Transfer related to carve out asset	-	-	-	-	-	-	-	-
Transfer from Asset held for sale (refer note 56)	-	-	801.70	11.50	105.00	85.00	1003.20	-
Transfer to Asset held for sale (refer note 56)	-	532.10	73.40	64.00	128.40	414.70	1212.60	-
Adjustment of Foreign Exchange	-	-	-	-	-	-	-	-
<b>As at 31/03/2022</b>	<b>1109.24</b>	<b>4113.58</b>	<b>48248.49</b>	<b>1659.16</b>	<b>775.74</b>	<b>399.43</b>	<b>56,306.06</b>	<b>376.91</b>
Addition	-	-	429.41	-	-	59.00	488.41	-
Disposal	-	1,794.28	2030.22	485.74	87.49	2.20	4399.93	-
Transfer related to carve out asset	-	-	-	-	-	-	-	-
Transfer from Asset held for sale (refer note 56)	-	-	-	-	-	-	-	-
Transfer to Asset held for sale (refer note 56)	-	-	1.30	-	-	32.00	33.30	-
Adjustment of Foreign Exchange	-	-	-	-	-	-	-	-
<b>As at 31/03/2023</b>	<b>1109.24</b>	<b>2319.30</b>	<b>46646.38</b>	<b>1173.42</b>	<b>688.25</b>	<b>424.23</b>	<b>52361.24</b>	<b>376.91</b>

**Accumulated Depreciation**

<b>As at 01/04/2021</b>	-	<b>630.84</b>	<b>34898.90</b>	<b>1043.57</b>	<b>510.61</b>	<b>496.86</b>	<b>37580.78</b>	-
Charge for the Year	-	104.44	5547.26	177.55	81.65	103.58	6014.48	-
Disposal	-	-	6690.11	-	18.19	-	6708.30	-
Transfer to Asset held for sale (refer note 56)	-	157.00	40.30	47.80	70.90	340.30	656.30	-
Transfer from Asset held for sale (refer note 56)	-	-	633.70	9.20	86.10	49.70	778.70	-
<b>As at 31/03/2022</b>	-	<b>578.28</b>	<b>34349.45</b>	<b>1182.52</b>	<b>589.26</b>	<b>309.84</b>	<b>37009.36</b>	-
Charge for the Year	-	75.91	4062.25	158.85	59.82	77.34	4434.17	-
Disposal	-	267.71	1279.85	389.50	79.06	-	2016.12	-
Transfer to Asset held for sale (refer note 56)	-	3.60	7.00	-	15.20	36.60	62.40	-
Transfer from Asset held for sale (refer note 56)	-	-	-	3.30	-	-	3.30	-
<b>As at 31/03/2023</b>	-	<b>382.88</b>	<b>37124.85</b>	<b>948.57</b>	<b>554.82</b>	<b>350.58</b>	<b>39361.70</b>	-

**Net Book Value**

As at 31/03/2022	1109.24	3535.30	13899.04	476.64	186.48	89.59	19296.70	376.91
<b>As at 31/03/2023</b>	<b>1109.24</b>	<b>1936.42</b>	<b>9521.53</b>	<b>224.85</b>	<b>133.43</b>	<b>73.65</b>	<b>12999.54</b>	<b>376.91</b>

1. The Parent Company has applied estimated useful lives different than as specified in Schedule II to the Companies Act, 2013 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 Parent 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. Consequently, charge of depreciation is higher by Rs. 398.41 lakhs (Rs. 620.69 lakhs) as compared to depreciation that would have been charged based on useful life as prescribed in Schedule II.

2. Refer Note No 26 for information on property, plant and equipment pledged as security".
3. There are no restriction on title of property, plant and equipments and Intangible Assets.
4. There is no contractual commitment on acquisition of property, plant and equipment and intangible assets.
5. Capital Work in progress balance is relating to office Building of Rs. 376.91 Lakhs (Rs. 376.91 lakhs).
6. The Group has not done revaluation of PPE / Intangible assets during the year.

**SADBHAV ENGINEERING LIMITED****Notes forming Part of the consolidated financial statements**

## 7. CWIP Ageing Schedule

Project in progress (Rs. in Lakhs)

CWIP	<1 year	1-2 years	2-3 years	>3 years	Total
As at 31st March 2023	-	-	-	376.91	376.91
As at 31st March 2022	-	-	50.82	326.09	376.91

## 8. CWIP Completion Schedule

Project in progress (Rs. in Lakhs)

CWIP	<1 year	1-2 years	2-3 years	>3 years	Total
As at 31st March 2023	-	-	38.80	762.72	801.52
As at 31st March 2022	-	-	-	762.72	762.72

**(B) Right of Use Assets (Leased Assets)**

(Rs. in Lakhs)

Particulars	Plant & Equipment
<b>Movement During The Year</b>	
Balance as at 1st April 2021	4873.24
Addition	-
Disposals	-
Balance as at 31st March 2022	4873.24
Addition	-
Disposals	4,873.24
Balance as at 31st March 2023	-
<b>Accumulated Depreciation</b>	
Balance as at 1st April 2021	3637.26
Addition	1087.91
Disposals	-
Balance as at 31st March 2022	4725.17
Addition	148.07
Disposals	4,873.24
Balance as at 31st March 2023	-
<b>Net Block as at 31st March, 2023</b>	-
<b>Net Block as at 31st March, 2022</b>	<b>148.07</b>

(i) The total cash outflow for leases is Rs. 172.24 Lakhs (Rs. 1227.41 Lakhs) for the year ended 31st March, 2023. Interest on lease liabilities is Rs. 5.79 Lakhs (Rs. 76.96 Lakhs) for the year.

(ii) The Parent Company's leases mainly comprise of plant and equipment.

**Note No. 6****Investment property**

(Rs. in Lakhs)

Investment property	Freehold land
Particulars	(Rs. in Lakhs)
<b>At Cost</b>	
<b>As at April 1, 2021</b>	94.10
Addition	-
Disposal / adjustment	-
Transfer related to carve out asset	-
<b>As at March 31, 2022</b>	<b>94.10</b>
Addition	-
Disposal / adjustment on account of	-
Transferred to carve out asset receivable	-
<b>As at March 31, 2023</b>	<b>94.10</b>
<b>Accumulated Depreciation</b>	
<b>As at April 1, 2021</b>	-
Charge for the year	-
On disposal / adjustment	-
<b>As at March 31, 2022</b>	-
Charge for the year	-
On disposal / adjustment	-
<b>As at March 31, 2023</b>	-
<b>Net Block</b>	
<b>As at March 31, 2022</b>	<b>94.10</b>
<b>As at March 31, 2023</b>	<b>94.10</b>

**SADBHAV ENGINEERING LIMITED****Notes forming Part of the consolidated financial statements****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-

(iv) The title deeds of the Investment properties are held in the name of the respective Group Companies.

**Note No. 7****Intangible asset and Intangible asset under development**

(Rs. in Lakhs)

Particulars	Toll collection rights	User fee rights	Computer software	Total	Goodwill on consolidation (refer note (iv) below)	Intangible asset under development
<b>Cost</b>						
<b>As at April 1, 2021</b>	<b>2,90,401.80</b>	<b>1,51,621.50</b>	<b>770.31</b>	<b>4,42,793.61</b>	<b>2,653.00</b>	<b>9,645.30</b>
Additions	43,589.10	309.10	13.20	43,911.40	-	-
Deletion / Adjustments	-	-	-	-	-	-
Transfer to Financial Asset (Refer Note 12)	(2,90,401.80)	-	-	(2,90,401.80)	-	(9,645.30)
Transfer to Asset held for Sale (Refer Note 56)	-	(1,51,930.60)	-	(1,51,930.60)	-	-
<b>As at March 31, 2022</b>	<b>43,589.10</b>	<b>-</b>	<b>783.51</b>	<b>44,372.61</b>	<b>2,653.00</b>	<b>-</b>
Additions	316.00	9,764.50	-	10,080.50	-	-
Deletion / Adjustments	-	-	-	-	-	-
Transfer to Financial Asset (Refer Note 12)	-	-	-	-	-	-
Transfer to Asset held for Sale (Refer Note 56)	-	(9,764.50)	-	(9,764.50)	-	-
<b>As at March 31, 2023</b>	<b>43,905.10</b>	<b>-</b>	<b>783.51</b>	<b>44,688.61</b>	<b>2,653.00</b>	<b>-</b>
<b>Accumulated Amortisation</b>						
<b>As at April 1, 2021</b>	<b>32,493.70</b>	<b>18,752.71</b>	<b>722.07</b>	<b>51,968.48</b>	<b>-</b>	<b>-</b>
Charge for the year	4,339.60	5,240.30	5.35	9,585.25	-	-
Disposal / Adjustment on account of:	-	-	-	-	-	-
Transfer from Asset held for sale (refer note 56)	20,345.20	-	12.31	20,357.51	-	-
Transfer to Asset held for sale (refer note 56)	-	(23,993.01)	-	(23,993.01)	-	-
Transfer to Financial Asset (Refer Note 12)	(32,494.60)	-	-	(32,494.60)	-	-
<b>As at March 31, 2022</b>	<b>24,683.90</b>	<b>-</b>	<b>739.73</b>	<b>25,423.63</b>	<b>-</b>	<b>-</b>
Charge for the year	3,204.90	5,272.60	1.76	8,479.26	-	-
Transfer from Asset held for sale (refer note 56)	-	-	-	-	-	-
On disposal / adjustment	-	-	-	-	-	-
Transfer to Financial Asset (Refer Note 12)	-	-	-	-	-	-
Transfer to Asset held for sale (refer note 56)	-	(5,272.60)	-	(5,272.60)	-	-
<b>As at March 31, 2023</b>	<b>27,888.80</b>	<b>-</b>	<b>741.49</b>	<b>28,630.29</b>	<b>-</b>	<b>-</b>
<b>Net Block</b>						
<b>As at March 31, 2022</b>	<b>18,905.20</b>	<b>-</b>	<b>43.78</b>	<b>18,948.98</b>	<b>2,653.00</b>	<b>-</b>
<b>As at March 31, 2023</b>	<b>16,016.30</b>	<b>-</b>	<b>42.02</b>	<b>16,058.32</b>	<b>2,653.00</b>	<b>-</b>

**Note:**

(i) Toll collection right has been pledged against non-current borrowings in order to fulfill the collateral requirement of the Lenders (refer note no 26 )

(ii) Refer note 60 for additional disclosure pursuant to Appendix - E to Ind AS 115 - " Service Concession Arrangements" ('SCA').



**SADBHAV ENGINEERING LIMITED**
**Notes forming Part of the consolidated financial statements**

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2023	As at March 31, 2022
<b>8 Investments</b>		
<b>8.1 Investments in Equity Instruments (Unquoted)</b>		
(a) 5,55,370 (P.Y.:5,55,370) Fully Paid up Equity Shares of Indian Highways Management Co.Ltd. of Rs.10/- each	55.54	55.54
	<b>55.54</b>	<b>55.54</b>
<b>8.2 Investments in Bonds and Debentures</b>		
(a) 12.5% 10 (P.Y.:10) Debentures of SREI Equipment Finance Ltd of Rs. 10,00,000/- each.	100.00	100.00
(b) 9.25% 20000 (P.Y.:20000) Debentures of SREI Equipment Finance Ltd of Rs. 1,000/- each.	200.00	200.00
Less : Provision for Impairment in value of Investments	(298.00)	(298.00)
	<b>2.00</b>	<b>2.00</b>
<b>8.3 Other Investments</b>		
Investment in National Saving Certificate	-	14.78
	-	<b>14.78</b>
<b>8.4 Investment in Unit of Business Trust - Quoted</b>		
10,857,196 (P.Y. : 15,510,280) fully paid up units of Rs. 116 each in Indinfravit Trust after adjusting redemption towards capital	12166.10	17591.80
	<b>12166.10</b>	<b>17591.80</b>
<b>Total</b>	<b>12223.64</b>	<b>17664.12</b>

Aggregate Value of Un-Quoted Investment Rs. 57.54 Lakhs (P.Y. :Rs. 72.32 Lakhs)

Aggregate Value of Quoted Investment Rs. 12166.10 Lakhs (P.Y. :Rs. 17591.80 Lakhs)

Market Value of Quoted Investments of Rs. 12166.10 Lakhs (P.Y.: Rs.17591.80 Lakhs)

**Note:**

- (i) For Fair value disclosures of financial assets refer note 45

**9 Trade Receivables**

Trade Receivables considered good – Secured	-	-
Receivable from Others	4027.41	14347.92
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables – credit impaired	-	-
Less: Allowance for credit impairment	1197.37	1111.57
<b>Total</b>	<b>2830.04</b>	<b>13236.35</b>

**The movement in change in allowance for expected credit loss and credit impaired**

Balance as at beginning of the year	1111.57	267.73
Change in allowance for expected credit loss and credit impairment	85.80	843.84
Balance as at the end of the year	<b>1197.37</b>	<b>1111.57</b>

Management is of the opinion that amount recoverable is not less than the amount stated, hence no impairment is required. Refer Note no 62

**As at 31st March, 2023**

Particulars	Outstanding from due date of payment *					Total
	<6 months	1 year	1-2 years	2-3 years	>3 years	
Undisputed Trade Receivable-Considered Good	-	-	-	-	-	-
Undisputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good	-	-	-	-	4027.42	4027.42
Disputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Less: Allowance for expected credit loss	-	-	-	-	(1197.38)	(1197.38)
<b>Total</b>	-	-	-	-	<b>2830.04</b>	<b>2830.04</b>

**PARTICULARS**

**As at March 31, 2023**    **As at March 31, 2022**

**As at 31st March, 2022**

Particulars	Outstanding from due date of payment *					Total
	<6 months	1 year	1-2 years	2-3 years	>3 years	
Undisputed Trade Receivable-Considered Good	332.03	0.00	67.27	5931.52	2841.82	9172.64
Undisputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good	-	-	-	382.69	4792.59	5175.28
Disputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Less: Allowance for expected credit loss	(1.81)	-	(0.25)	(67.09)	(1042.42)	(1111.57)
<b>Total</b>	<b>330.22</b>	<b>-</b>	<b>67.02</b>	<b>6247.12</b>	<b>6591.99</b>	<b>13236.35</b>

\* Due date of payment is the date of transaction

**Notes:-**

- (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.
- (ii) For terms and conditions relating to related party receivable, refer note 50

**10 Loans**

**Unsecured, considered good**

Loans to employees

	54.10	77.60
<b>Total</b>	<b>54.10</b>	<b>77.60</b>

- (a) Since all the above loans given by the group 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.
- (b) There is no amount due from director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at anytime during the reporting period.
- (c) The fair value of non-current loans is not materially different from the carrying value presented.

**11 Receivable under Service Concession Arrangement (Unsecured considered good)**

Receivable under Service concession arrangements	175759.90	332488.40
<b>Total</b>	<b>175759.90</b>	<b>332488.40</b>

**Notes:**

- (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" in accordance with Appendix - E to Ind AS 115.
- (ii) Refer note 60 for additional disclosure pursuant to Appendix - E to Ind AS 115 - Service Concession Arrangements ('SCA').

**12 Other Financial Assets**

(a) Security & Other Deposits	8313.97	8313.27
(b) Bank Deposits with more than 12 months Maturity*	198.50	1299.91
(c) Unamortized Processing Fees	495.20	495.20
<b>Total</b>	<b>9007.67</b>	<b>10108.38</b>

**13 Deferred Tax Assets (Net)**

Deferred tax assets (Refer note 43)	10115.67	10220.38
<b>Total</b>	<b>10115.67</b>	<b>10220.38</b>

**14 Other Non Current Assets**

(a) Tax Credit Receivables	39.70	60.10
(b) Unamortized Processing fees	452.00	452.70
(c) Advance Income Tax (net of provision)	1367.10	200.40
(d) Tax paid under Protest	24.90	55.00
(e) Group Gratuity Plan Assets (Net of Liabilities)	-	132.34
<b>Total</b>	<b>1883.70</b>	<b>900.54</b>

**SADBHAV ENGINEERING LIMITED**

Notes forming Part of the consolidated financial statements

(Rs. in Lakhs)

PARTICULARS		As at March 31, 2023	As at March 31, 2022
<b>15</b>	<b>Inventories</b>		
	(a) Construction Materials	2957.91	9128.10
	(b) Stores & Spares	346.52	1621.75
	<b>Total</b>	<b>3304.43</b>	<b>10749.85</b>
<b>16</b>	<b>Trade Receivables</b>		
	Trade Receivables considered good – Secured	-	-
	(Unsecured considered good)		
	Receivable from Others	38577.14	32310.11
	Trade Receivables which have significant increase in credit risk	-	-
	Trade Receivables – credit impaired	-	-
	Less: Allowance for credit impairment	-	-
	<b>Total</b>	<b>38577.14</b>	<b>32310.11</b>

**As at 31st March, 2023**

Particulars	Outstanding from due date of payment *					Total
	<6 months	1 year	1-2 years	2-3 years	>3 years	
Undisputed Trade Receivable-Considered Good	17971.40	-	4574.29	14369.57	1661.88	38577.14
Undisputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good	-	-	-	-	-	-
Disputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
<b>Total</b>	<b>17971.40</b>	<b>-</b>	<b>4574.29</b>	<b>14369.57</b>	<b>1661.88</b>	<b>38577.14</b>

**As at 31st March, 2022**

Particulars	Outstanding from due date of payment *					Total
	<6 months	1 year	1-2 years	2-3 years	>3 years	
Undisputed Trade Receivable-Considered Good	28408.10	-	2987.54	784.90	129.57	32310.11
Undisputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivable-Considered Good	-	-	-	-	-	-
Disputed Trade Receivable-Considered Doubtful	-	-	-	-	-	-
<b>Total</b>	<b>28408.10</b>	<b>-</b>	<b>2987.54</b>	<b>784.90</b>	<b>129.57</b>	<b>32310.11</b>

\* Due date of payment is the date of transaction

**Notes:**

(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 firms or private companies respectively in which any director is a partner, a director or a member.

(ii) For terms and conditions relating to related party receivable, refer note 50.

**17 Cash and Cash Equivalents**
**17.1 Balance with Banks**

(a) In Current Accounts (refer note (i) below)	4833.72	14200.48
(b) In Fixed Deposit Accounts *	5799.89	1390.75
	<b>10633.61</b>	<b>15591.23</b>

**17.2 Cash On Hand (refer note (ii) below)**

34.76	83.66
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**17.3 In Current Account Earmarks for Unpaid Share Application**

1.40	1.40
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<b>Total</b>	<b>10669.77</b>	<b>15676.29</b>
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P A R T I C U L A R S	As at March 31, 2023	As at March 31, 2022
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**Notes:-**

- (i) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.
- (ii) Balances with banks includes balances of Rs. 3020.00 lakh (P.Y. : Rs. 7838.60 lakh) lying in the Escrow Accounts which are offered as security against borrowings as per terms of borrowings with the lenders.
- (iii) Cash on hand includes amount collected towards toll fee / user fee, pending deposit with the bank.  
\* Fixed Deposits are pledged with central and various State Govt/Undertakings and local bodies.

**18 Bank balance other than Cash and Cash Equivalents**

In earmarked Accounts

(a) Unclaimed Dividend	1.51	1.75
(b) Maturity more than 3 months but not more than 12 months *	1070.36	5562.85
<b>Total</b>	<b>1071.87</b>	<b>5564.60</b>

\* Fixed Deposits are pledged with Central and various State Govt/Undertakings and local bodies.

**19 Loans**

**Unsecured, considered good**

(a) Loan to Employee	6.00	0.40
(b) Loan to Others	1025.72	3218.55
<b>Total</b>	<b>1031.72</b>	<b>3218.95</b>

**Notes:**

- (i) Since all the above loans given by the Parent 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.
- (ii) There is no amount due from director, other officer of the Parent Company or firms in which any director is a partner or private companies in which any director is a director or member at anytime during the reporting period.
- (iii) The fair value of non-current loans is not materially different from the carrying value presented.

**20 Receivable under Service Concession Arrangement (Unsecured considered good)**

Receivable under Service concession arrangements (refer note 60)	46150.60	36813.00
	<b>46150.60</b>	<b>36813.00</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" in accordance with Appendix - E to Ind AS 115.
- (ii) Refer note 60 for additional disclosure pursuant to Appendix - E to Ind AS 115 - Service Concession Arrangements ('SCA').

**21 Other Current Financial Assets**

(a) Interest Receivable	392.10	7848.10
(b) Receivable from concessionaire authorities toward claims/ utility shifting/ change in scope	1104.33	19636.90
(c) Receivable from concessionaire authorities towards Toll Suspension (refer note (iv) below)	135.60	410.10
(d) Receivable towards toll collection rights (refer note (i) & (ii) below)	219396.80	219396.80
(e) Security & Other Deposits	20603.90	25425.84
(f) Receivable toward carve out asset(refer note (iii) below)	150.60	611.70
(g) Others	74.10	165.00
	<b>241857.43</b>	<b>273494.44</b>

- (i) In case of Rohtak Hissar Tollway Private Limited (RHTPL), the stepdown subsidiary company has terminated the concession agreement (CA) with NHAI on August 27,2021, by exercising the criteria of 'Event of Defaults' under concession agreement and the toll collection hand over to the NHAI by the stepdown subsidiary, the stepdown subsidiary has filed a claim for Rs. 123317.20 Lakhs as a termination payment and other Claims amounting to Rs. 37936.10 Lakhs (Refer Note No 39) on the account of O&M cost due to force majeure , Covid claim & demonetization claim to the NHAI. In respect of such claims, NHAI has approached to the stepdown subsidiary company for settlement of all these claims by way of conciliation proceedings during the year, which has been consented by the stepdown subsidiary company.

On the basis of the above, the stepdown subsidiary company has transferred the carrying value of intangible asset of Rs. 94206.40 Lakhs to the other financial assets (i.e. receivable from the NHAI) and the management is of the view that claims are fully recoverable and as a result the receivable from NHAI are shown under other financial assets which is representing the carrying value of Intangible asset till the date of termination doesn't require any impairment suffered by the stepdown subsidiary company due to NHAI defaults under CA.

**SADBHAV ENGINEERING LIMITED**  
**Notes forming Part of the consolidated financial statements**

(Rs. in Lakhs)

<b>PARTICULARS</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
(ii) In case of Rohtak Panipat Tollway Private Limited (RPTPL), the stepdown subsidiary company has terminated the concession agreement with NHAI on July 27, 2021, by exercising the criteria of 'Event of Defaults' under concession agreement and the toll collection hand over to the NHAI by the stepdown subsidiary company, the stepdown subsidiary company has filed a claim for Rs. 125190.50 Lakhs as a termination payment and other Claims amounting to Rs. 33955.7 Lakhs (Refer Note No 66) on the account of O&M cost due to force majeure, Covid claim & demonetization claim to the NHAI. In respect of such claims, NHAI has approached to the stepdown subsidiary company for settlement of all these claims by way of conciliation proceedings during the year, which has been consented by the stepdown subsidiary company.		
On the basis of the above, the stepdown subsidiary company has transferred the carrying value of intangible asset of Rs. 125190.50 Lakhs to the other financial assets (i.e. receivable from the NHAI) and the management is of the view that claims are fully recoverable and as a result the receivable from NHAI are shown under other financial assets which is representing the carrying value of Intangible asset till the date of termination doesn't require any impairment suffered by the stepdown subsidiary company due to NHAI defaults under CA.		
(iii) Pursuant to the definitive share purchase agreement (SPA) dated 1 July 2019 related to sale of equity share of step down subsidiaries. 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 statements.		
(iv) Pursuant to demonetisation, concessioning authorities had announced suspension of toll collection at all roads from November 09, 2016 until December 02, 2016. based on subsequent notification and provisions of concession agreement with the relevant authorities, Ahmedabad Ring Road Infrastructure Limited (ARRIL), had claimed and recognised revenue of Rs. 410.10 lakhs during the year 2016-17. In the current year, the stepdown Company has received the partial claim of Rs. 274.5 Lakhs out of the total claim of Rs. 410.10 Lakhs towards demontisation. The claim amount is still receivable from the AUDA.		
<b>22 Current Tax Assets (Net)</b>		
Advance Income Tax	5144.41	7541.78
Less: Provision for Income Tax	-	-
<b>Advance Income Tax (Net)</b>	<b>5144.41</b>	<b>7541.78</b>
<b>23 Other Current Assets</b>		
<b>23.1 Advances</b>		
(a) Advances for goods and Services	11606.59	10707.32
	<b>11606.59</b>	<b>10707.32</b>
<b>23.2 Others</b>		
(a) Advance Sales Tax, GST & Service Tax	7033.25	7534.75
(b) Advance to Vendors	31817.30	4138.68
(c) Contract Assets	89462.87	157423.99
Less: Provision for Impairment of Contract Assets ( Refer Note No. 63 )	-	(69391.76)
(d) Prepaid Expenses	1406.87	2314.99
(e) Tax Credit Receivables	21884.30	35345.00
(f) Group Gratuity Fund	211.47	141.32
(g) Others	21.60	616.00
	<b>151837.66</b>	<b>138122.97</b>
<b>Total</b>	<b>163444.25</b>	<b>148830.29</b>
<b>24 Equity Share Capital</b>		
(a) Authorized Share Capital: 20,00,00,000 (20,00,00,000) Equity Shares of Re.1/- each	2000.00	2000.00
(b) Issued, Subscribed and fully paid 171570800 (171570800) Equity Shares of Re.1/- each with voting rights	1715.71	1715.71
(c) Reconciliation of Nos. of Equity Shares with voting rights: Outstanding at the beginning and end of the year	(Nos.) 171570800.00	171570800.00
(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 Re. 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 residual 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.		

**PARTICULARS**

**As at March 31, 2023**   **As at March 31, 2022**

(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 31.03.2023		As at 31.03.2022	
	No. of shares	% held	No. of shares	% held
Sadbhav Finstock Private Limited	15295275	8.91%	16545275	9.64%
Shantaben V. Patel	41388091	24.12%	49086135	28.60%
HDFC Small Cap Fund	14684526	8.56%	15856599	8.80%

As per the records of the holding Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(f) Shareholding of Promoters

Sr No.	Name of Promoters	As at March 31, 2023		% Change during the year	As at March 31, 2022		% Change during the year
		No. of Shares held	% of total shares		No. of Shares held	% of total shares	
1	Shantaben Vishnubhai Patel	41388091	24.12	(4.47)	49061199	28.60	(0.01)
2	Vikram Rasiklal Patel	2859749	1.67	(0.94)	4468750	2.60	(0.10)
3	Vasistha Chandulal Patel	1869535	1.09	(0.79)	3225535	1.88	(0.12)
4	Shashin Vishnubhai Patel	2388866	1.39	-	2388866	1.39	(1.86)
5	Bhavna Vikramkumar Patel	437500	0.25	-	437500	0.25	-
6	Rekhaben Vasisthakumar Patel	437500	0.25	-	437500	0.25	-
8	Sadbhav Finstock Private Limited	15295275	8.91	(0.73)	16545275	9.64	-
	<b>Total</b>	<b>64676516</b>	<b>37.70</b>	<b>(6.93)</b>	<b>76564625</b>	<b>44.63</b>	<b>(2.09)</b>

**25 Other Equity**

(a) Capital reserve		
As per Last Balance Sheet	<b>33104.47</b>	<b>33104.47</b>
Addition/(Deduction) during the year	-	-
<b>Closing Balance</b>	<b>33104.47</b>	<b>33104.47</b>

Capital reserve includes:

1. The excess of net assets taken over the cost of consideration paid at the time of acquisition of subsidiaries was treated as capital reserve.

2. The promoter of the company, to whom the company had allotted 6,00,000 warrants on July 31, 2007, did not exercise option to convert the said warrants into equity shares of Rs 345 lakhs of the company before the due date January 31, 2009, and the right has since lapsed. As per the term of issue of warrants, the application money received at the time of subscribing the said warrants has been forfeited and the same has been transferred to the Capital Reserve.

(b) Security Premium		
As per Last Balance Sheet	<b>57134.05</b>	<b>57134.05</b>
<b>Closing Balance</b>	<b>57134.05</b>	<b>57134.05</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	1728.46	3843.50
Addition: Transfer from surplus of statement of profit and loss	-	-
Deduction: Transfer to General Reserve	-	(2115.04)
<b>Closing Balance</b>	<b>1728.46</b>	<b>1728.46</b>

The Group has issued redeemable non-convertible debentures. In respect thereof, the Companies (Share capital and Debentures) Rules 2014 (as amended), require the Group to create Debenture Redemption Reserve (DRR) out of profit of the company available for payment of dividend. DRR is required to be created to an amount equal to 25% of the value of debentures issued over the life of debenture. Upon redemption of debenture, DRR amount are transferred to general reserve.

As per Companies (Share Capital and Debentures) Amendment Rules, 2019 dated August 16, 2019, issued by the Ministry of Corporate Affairs, listed companies are exempt from creation of DRR.



**SADBHAV ENGINEERING LIMITED**  
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(Rs. in Lakhs)

P A R T I C U L A R S	As at March 31, 2023	As at March 31, 2022
(d) General Reserves		
As per Last Balance Sheet	33186.88	31293.38
Transfer from Debenture Redemption Reserve	-	1893.50
<b>Closing Balance</b>	<b>33186.88</b>	<b>33186.88</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.		
(e) Other Comprehensive Income		
As per Last Balance Sheet	384.70	216.29
Addition/(deduction) During the Year	38.40	168.41
Transfer of amount to non-controlling interest	(3.15)	-
<b>Closing Balance</b>	<b>419.95</b>	<b>384.70</b>
(f) Retained Earnings		
As per Last Balance Sheet	(47101.80)	17221.53
Net (Loss) for the year	(58913.05)	(72370.88)
Appropriations:-		
Adjustment on account of acquisition of non-controlling interest	2126.42	-
Share Issue Expenses	-	47.06
Transfer of amount from non-controlling interest	1021.20	(8002.81)
Other comprehensive income for the year (net of tax)	-	(91.80)
Adjustment on account of carve out asset	604.10	-
<b>Closing Balance</b>	<b>(109766.57)</b>	<b>(47101.80)</b>
<b>Total</b>	<b>15807.24</b>	<b>78437.76</b>

Retained earnings are the profits that the Group has earned till date, less any transfers to dividends or other distributions paid to shareholders.

**26 Long Term Borrowings**

**(a) Bonds/Debentures**

*(Secured)*

Secured redeemable non-convertible debentures

(i) Udhay Vij Reality Private Ltd. 450 debenture of Rs. 10 lakhs each (Previously held by ICICI Prudential Asset Management 675 debentures of Rs. 10 lakhs each)	4500.00	6750.00
(ii) Centrum Credit Opportunities Trust 15500 (15500) debentures of Rs. 0.65 lakh each	10075.00	15500.00
(iii) 19500 Allianz NCD (31 March 2022: 19500) of Rs. 67407.69 each	13144.50	14069.50
(iv) 19500 AMP CAPITAL NCD (31 March 2022: 19500) of Rs. 67407.69 each	13144.50	14069.50
(v) 8000 Allianz NCD (31 March 2022: 8000) of Rs. 100000 each	8000.00	8000.00
(vi) 8000 AMP CAPITAL NCD (31 March 2022: 8000) of Rs. 100000 each	8000.00	8000.00
	<b>56864.00</b>	<b>66389.00</b>
Less Current maturity	13525.00	7675.00
	<b>43339.00</b>	<b>58714.00</b>

**26.1 Details of Security and terms of repayment in respect of debentures issued by Parent Company**

**Details of Securities**

NCDs of Udhay Vij Reality Private Ltd are secured against the following :

- First charge on specific / unencumbered machinery / equipments.
- First charge on 5,88,72,945 shares of Sadbhav Infrastructure Project Limited (SIPL) held by SEL.
- Pledge of 24,40,667 shares of Ahmedabad Ring Road Infrastructure Limited held by SIPL.

NCDs of Centrum Credit Opportunities trust are secured against the followings:

- Mortgage over certain identified immovable properties of the Company and promoters.
- First charge on 3,81,97,436 shares of Sadbhav Infrastructure Project Limited (SIPL) held by SEL.
- Pledge of 35,00,000 Fully Paid up equity shares of the Company held by specific entity from the promoters group.

**Terms of Repayment**

NCDs of Udhay Vij Reality Private Ltd, having yearly coupon rate of 12.50% are repayable in yearly unequated installments till June 2023.

NCDs of Centrum Credit Opportunities Trust, having yearly coupon rate of 11.50% are repayable in unequal quarterly installments till September 2024.

**26.2 Details of Security and terms of repayment in respect of debentures issued by Subsidiary Company**

**Details of Securities**

**39000 (P.Y. : 39000) Redeemable , Non Convertible debentures (NCD) are secured by:**

- The Corporate Guarantee by Sadbhav Engineering Limited ('SEL') (the holding Company);
- first ranking charge created by way of hypothecation over the Escrow account and
- iii) Pledge over such numbers of Equity shares held by the subsidiary company in its step down subsidiary Companies. Pledge of shares of various stepdown subsidiaries are given in table below

**SADBHAV ENGINEERING LIMITED**

Notes forming Part of the consolidated financial statements

(Rs. in Lakhs)

**PARTICULARS**

**As at March 31, 2023** , **As at March 31, 2022**

**16000 (P.Y. : 16000) Redeemable , Non Convertible debentures (NCD) are secured by:**

(i) The Corporate Guarantee by Sadbhav Engineering Limited ('SEL') (the holding Company); (ii) first ranking charge created by way of hypothecation over the Escrow account and (iii) Pledge over such numbers of Equity shares held by the subsidiary Company in its stepdown subsidiary Companies. Pledge of shares of various subsidiaries are given in table below.

**Details of Initially Pledged Securities for both NCDs**

Sr. No.	Name of Stepdown subsidiaries companies	No of Shares Initially Pledged	Percent of Initially Pledged Securities	Total No. of shares issued
1	Sadbhav Rudrapur Highway Limited (SRHL)	489940	0.49	1000000
2	Sadbhav Nainital Highway Limited (SNHL)	489940	0.49	1000000
3	Sadbhav Bhavnagar Highway Limited (SBHL)	9633340	0.49	19660000
4	Sadbhav Una Highway Limited (SUHL)	7325440	0.49	14950000
5	Sadbhav Bangalore Highway Private Limited	15142258	0.49	30902690
6	Sadbhav Vidarbha Highway Limited (SVHL)	12641275	0.49	25798550
7	Sadbhav Udaipur Highway Limited (SUDHL)	13213280	0.49	26966000
8	Sadbhav Jodhpur Ring Road Private Limited	5708485	0.49	11650000
9	Sadbhav Kim Expressway Private Limited (SKEPL)	49566801	0.49	101156860
10	Rohtak-Panipat Tollway Private Limited (RPTPL)	1071198	0.49	2186445
11	Rohtak-Hissar Tollway Private Limited (RHTPL)	5276170	0.49	10768000

**Details of Subsequent Pledged Securities for both NCDs**

Sr. No.	Name of Stepdown subsidiaries companies	Subsequent Pledged Securities	Percent of Subsequent Pledged Securities	Total No. of shares issued
1	Maharashtra Border Check Post Network Limited	2250	0.05	50000
2	Ahmedabad Ring Road Infrastructure Limited (ARRIL)	4811600	0.46	10460000

**Terms of Repayment for:**

**39000 Redeemable , Non Convertible debentures (NCD):**

Series of NCDs	No. of NCDs issued	Coupon Rate p.a %	Terms of Repayment	Earliest Date of Redemption
Series A	19500	11.50%	48 months from the 1st deemed date of allotment	April 15, 2025
Series B	19500	11.50%	48 months from the 1st deemed date of allotment	April 15, 2025

**16000 Redeemable , Non Convertible debentures (NCD):**

Series of NCDs	No. of NCDs issued	Coupon Rate p.a %	Terms of Repayment	Earliest Date of Redemption
Series A	8000	23.00%	63 months from the 1st deemed date of allotment	July 15, 2026
Series B	8000	23.00%	63 months from the 1st deemed date of allotment	July 15, 2026

**(b) Term Loans**

Secured

**(i) From Banks:-**

Rupee Term Loan	113909.13	219680.55
	<b>113909.13</b>	<b>219680.55</b>
Less Current maturity	15182.91	20236.27
	<b>98726.22</b>	<b>199444.28</b>

**Detail of Security\***

**(ii) From Financial Institutions**

	40921.16	42942.77
Less Current maturity	4732.89	2604.27
	<b>36188.27</b>	<b>40338.50</b>

Term loans from Financial Institutions are secured by way of hypothecation of specific machineries and equipments purchased.

**Total** 178253.49 298496.78

PARTICULARS	As at March 31, 2023	As at March 31, 2022
<b>*Details of Security in respect of Term loans from Banks</b>		
<b>(a) Details of Security in respect of Term loan availed by the Parent Company</b>		
In case of equipment finance term loan Hypothecation of specific machineries and equipments purchased.		
First Charge and Subservient charge on movable fixed asset of the company.		
Pledge of 10,53,15,340 Fully Paid up unencumbered, freely transferable equity shares of SIPL held by the Company.		
Extension of charge on First Pari-passu Charge by way of Hypothecation on Stocks/ Book Debts/ Work in Progress at Various sites.		
Mortgage of some of the immovable properties of the Company as a collateral security.		
<b>(b) Details of Security in respect of Term loan availed by the subsidiary and step down subsidiaries</b>		
1	a first mortgage and charge on all the respective step down subsidiaries's immovable properties, both present and future, save and except the Project Assets;	
2	a first charge on all the respective stepdown 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 the Subsidiary Company 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.	
4	a first charge on all intangibles assets of the respective stepdown 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 stepdown subsidiary entity in the Project documents;  charge/ assignment on all the intangible assets of the respective stepdown 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 stepdown 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 stepdown subsidiary under all Insurance Contracts.	
6	pledge of equity shares held by the subsidiary and promoters holding in the respective stepdown 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.	
<b>(c )</b> The GECL facility is secured by 100% credit gurantee from National Credit Gurantee Trustee Company Limited (NCGTC) inaddition to second charge on security mentioned in point (i)		

**Details in respect of borrowings availed by step down subsidiaries**

- (i) **RPTPL**  
During the previous year ended March 31, 2022 Term Loans from banks amounting to Rs. 87849.30 Lakhs have been included in Current Borrowings.
- (ii) **RHTPL**  
During the previous year ended March 31, 2022 Term Loans from banks amounting to Rs. 93361.90 Lakhs have been included in Current Borrowings.
- (iii) **SBHL**  
Term loan include loans amounting to Rs. 35629.60 Lakhs as on March 31, 2023 (P.Y. : Rs. 34733.9 lakhs) taken from consortium of banks.  
The Principal amounts of the Loan is repayable to the lenders in 28 half yearly structured instalments, commencing from the 1st Repayment date (December 01, 2020) on the first of each half year in the amounts equivalent to the percentage of the total amount of loan as per the amortisation schedule in the loan agreement. Term loan carries average interest rate of 9.50 to 11.50% on March 31, 2023.

Details of delay in payment of interest as on March 31, 2023

Due Date for the month of	Interest
January-2023	7.10
February-2023	180.50
March-2023	361.90

P A R T I C U L A R S	As at March 31, 2023	As at March 31, 2022
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(iv) **SUHL**

Term loan include loans amounting to Rs. 22919.10 lakhs as on March 31, 2023 (P.Y.: Rs. 22726.90 lakhs) taken from consortium of banks.

The Principal amounts of the Loan is repayable to the lenders in 28 half yearly structured instalments, commencing from the 1st Repayment date (August 31, 2020) on the last day of each half year in the amounts equivalent to the percentage of the total amount of loan as per the amortisation schedule in the loan agreement. Term loan carries average interest rate of 9.25% to 11.25% on March 31, 2023.

Details of delay in payment of interest and principal as on March 31, 2023

Due Date for the month of	Interest	Principal
January-2023	5.60	-
March-2023	56.80	979.50
March-2023	155.70	-

(v) **SRHL**

Term loan include loans amounting to Rs. 25355.60 lakhs as on March 31, 2023 (P.Y. : Rs. 27224.50 lakhs) taken from consortium of banks.

As per the second amendment agreement to the amended and restated common loan agreement dated 10th January,2021 The Principal Amounts of the Loan to each of the Lenders shall be repayable in 28 structured Bi-Annually instalments, commencing from the July 15, 2020 and last date of Instalment is December 15, 2035.

Term loans carry interest at bank base rate plus spread i.e. 9.50 % to 11.25 % as on March 31, 2023.

(vi) **SNHL**

Term loan include loans amounting to Rs. 12900.20 lakhs as on March 31, 2023 (P.Y. : Rs. 12797.10 lakhs) taken from consortium of banks.

As per the second amendment agreement to the amended and restated common loan agreement dated 23rd July,2021.The Principal Amounts of the Loan to each of the Lenders shall be repayable in 28 structured Bi-Annually instalments, commencing from the May 28, 2022 and last date of Instalment is November 28, 2035.

Term loans carry interest at bank base rate plus spread i.e. 9.50% to 11.25% as on March 31, 2023.

(vii) **SBGHPL**

Term loan include loans amounting to Rs. Nil as on March 31, 2023 (P.Y. : Rs. 44128.10 lakhs) taken from consortium of banks.

On account of the reason mentioned in Note no 65.4,the balances outstanding have been adjusted in the books of accounts. Hence disclosure about repayment schedule is not given.

(viii) **SUDHL**

Term loan include loans amounting to Rs. 42089.00 lakhs as on March 31, 2023 (P.Y. : INR 41326.30 lakhs) taken from consortium of banks.

The Principal amounts of the Loan is repayable to the lenders in 28 half yearly structured instalments, commencing from the May 31, 2021 on the last day of each half year in the amounts equivalent to the percentage of the total amount of loan as per the amortisation schedule in the loan agreement. Term loans carry interest at bank base rate plus 110 basis point as spread i.e. 9.25% to 11.80% per annum as on March 31, 2023.

As per the provision of CLA, after the PCOD, the company has to create Debt Service Reserve Account (DSRA) and keep the balance of 6 Month Interest and 2 Principal Repayment in DSRA. Accordingly amount of INR 966.10 lakhs was lying deposited on March 31, 2023.

During the year there was delay in receipt of annuity amount from NHAI which was due in the month of February 2023. As a result of this the company could not make the repayment of installment of principal amount of Rs. 1105.30 lakhs payable in the month of March 2023.Further the company could not make the payment of interest of Rs. 505.10 lakhs due upto March 31 2023

Details of delay in payment of interest and principal as on March 31, 2023

Due Date for the month of	Interest	Principal
January-2023	32.50	-
February-2023	148.30	-
March-2023	324.30	1107.10

**GECL Facility (Emergency Credit Line Guarantee Scheme)**

The Principal Amounts of the Loan to each of the Lenders shall be repayable in 48 structured monthly instalments, commencing from July 31, 2023 and last date of Instalment is June, 2027.

The loans carry average interest rate of 10.50% to 11.50% per annum.

PARTICULARS	As at March 31, 2023	As at March 31, 2022
<b>(ix) SVHL</b>		
Term loan include loans amounting to Rs. 5386.00 lakhs as on March 31, 2023 (P.Y. : Rs. 49500.30 lakhs) taken from consortium of banks.		
The step down subsidiary company 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 the step down subsidiary company. The lenders have granted extension of SCOD to August 31,2022 with matching deferment of repayment schedule. Accordingly the first repayment date of loan has been deferred to April 2023.		
The Principal Amounts of the Loan to each of the Lenders shall be repayable in 27 structured Bi-Annual instalments, commencing from July,2021 and last date of Instalment is February,2037.		
The loans carry average interest rate of 9.25 % to 11.25 % .		
Details of delay in payment of interest as on March 31, 2023		
<b>Due Date for the month of</b>	<b>Interest</b>	
January-2023	21.00	
February-2023	286.10	
March-2023	377.10	
<b>GECL Facility</b>		
The Principal Amounts of the Loan to each of the Lenders shall be repayable in 48 structured monthly instalments, commencing from March , 2023 and last date of Instalment is February, 2034.		
The loans carry average interest rate of 9.25 per cent to 11.25 per cent per annum.		
Details of delay in payment of principal as on March 31, 2023		
<b>Due Date for the month of</b>	<b>Principal</b>	
March-2023	62.50	
<b>(xi) ARRIL</b>		
Term loan include loans amounting to Rs. Nil as on March 31, 2023 (P.Y. : Rs. 3496.10 lakhs) taken from a consortium consisting of bank and financial institutions.		
<b>First Ranking Rupee Loan:</b>		
The First Ranking Rupee Loan is repayable to each lender in 50 structured quarterly installments 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. Due to Moratorium on account of Covid-19, as per the revised repayment schedule the said loan shall be repaid by May 31, 2022.		
The loans carry average interest rate of 8.60 per cent to 11.70 per cent per annum.		
<b>Second Ranking Rupee Loan:</b>		
The Second Ranking Rupee Loan is repayable to the lender in 52 structured quarterly installments 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. Due to Moratorium on account of Covid-19, as per the revised repayment schedule the said loan shall be repaid by November 30, 2024.Subsequent to the year end March 31,2023 the company has repaid its dues to lenders in full on April 20,2023		
The loans carry average interest rate of 11.60 per cent per annum.		
<b>ICICI Bank Car Loan</b>		
The ICICI Bank Car Loan is repayable to the lender in 45 structured quarterly installments commencing from June 01, 2021. As per repayment schedule of the loan agreement, all the principal amount outstanding under the said agreement shall be repaid by April 01, 2025.The loans carry average interest rate of 7.80 per cent per annum.		
<b>Liability component of compound financial instruments:</b>		
Interest free loan given by Promotors (Sadbhav Engineering Limited) pursuant to the conversion of Compulsory Convertible Cumulative Preference Shares (CCCPS) into equity shares, whereby promotors has given a commitment to keep the loan balance of Rs. 7795.60 lakhs in the Company 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 25) and liability component under Long term borrowings. Interest on liability component is recognised using the effective interest method.		
<b>27 Other Financial Liabilities</b>		
Interest accrued but not due on Mobilization Advance	8000.30	3513.90
<b>Total</b>	<b>8000.30</b>	<b>3513.90</b>
<b>28 Deferred Tax Liabilities</b>		
Deferred Tax Liabilities (refer note 43)	6518.20	8948.70
<b>Total</b>	<b>6518.20</b>	<b>8948.70</b>
<b>29 Long-Term Provisions</b>		
Provision for Employee Benefits		
Gratuity	121.50	72.30
<b>Total</b>	<b>121.50</b>	<b>72.30</b>

**SADBHAV ENGINEERING LIMITED**  
Notes forming Part of the consolidated financial statements

(Rs. in Lakhs)

PARTICULARS	As at March 31, 2023	As at March 31, 2022
<b>30 Current Borrowings</b>		
<b>Loans repayable on demand</b>		
<u>Secured*</u>		
Working capital facilities from banks	229481.86	226885.06
Short term loan from financial institutions	11107.70	11107.70
Overdraft	1495.23	1581.97
	<b>242084.79</b>	<b>239574.73</b>
<u>Unsecured</u>		
From Banks	660.00	600.00
From a Director and Promoter	20139.11	6701.84
From a company in which some of the directors are directors	733.22	-
	<b>21532.33</b>	<b>7301.84</b>
<b>Current Maturities of Long term debts</b>		
<u>Secured</u>		
Non Convertible Debentures	13525.00	7675.00
Loan from Banks	15182.81	20236.07
Loan from Financial Institutions	4732.89	2604.27
	<b>33440.70</b>	<b>30515.34</b>
<b>Total</b>	<b>297057.82</b>	<b>277391.91</b>

**\*Detail of Security**

- (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 one of the directors and some of the promoters.  
In case of RHTPL and RPTPL, the accounts has been prepared on non going concern basis as per the accounting policies stated in note no. 2.1 , hence the non current borrowings has been reclassified under current borrowings of Rs. 93361.90 lacs and Rs. 87847.40 lacs respectively.

As at 31 March 2023, the Company had defaulted in repayment of borrowings (non-current and current) including interest thereon. The item-wise breakup is as under:

Sr No.	Category	Period	Principal	Interest
1	Term Loan from Banks	1 to 30 days	196.29	42.54
		31 to 90 days	387.47	90.19
		91 days above	2505.53	311.73
2	Term Loan from Financial Institutions	1 to 30 days	23.69	53.03
		31 to 90 days	322.53	248.88
		91 days above	183.48	0.00
3	Working Capital Demand Loans	1 to 30 days	2590.00	165.25
		31 to 90 days	780.00	517.69
		91 days above	1800.00	696.00
<b>Total</b>			<b>8789.00</b>	<b>2125.30</b>

**31 Trade Payables**

(a) Total outstanding due to Micro and Small Enterprises *	881.64	1604.50
(b) Total outstanding due to creditors other than Micro and Small Enterprises	67101.34	65758.85
<b>Total</b>	<b>67982.98</b>	<b>67363.35</b>

[\*] Disclosure in respect of Micro, Small and Medium Enterprises:

A Principal amount remaining unpaid to any supplier as at year end	881.64	1604.50
B Interest due thereon	259.84	53.81
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	-	-
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	-	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
F Amount of further interest remaining due and payable in succeeding years	-	-

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 Group.



PARTICULARS	As at March 31, 2023	As at March 31, 2022
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**As at 31 March 2023**

Particulars	Unbilled Dues	Not Due	Outstanding from due date of payment *				Total
			<1 year	1-2 years	2-3 years	>3 years	
MSME	-	-	54.11	200.70	29.22	-	284.03
Other	0.00	5424.70	28838.31	11224.87	3227.09	2201.12	50916.09
Disputed Dues-MSME	-	-	0.01	12.17	585.43	-	597.61
Disputed Dues-Others	-	-	1303.79	2823.86	5285.02	6772.58	16185.25
<b>Total</b>	<b>0</b>	<b>5424.70</b>	<b>30196.22</b>	<b>14261.60</b>	<b>9126.76</b>	<b>8973.70</b>	<b>67982.98</b>

**As at 31 March 2022**

Particulars	Unbilled Dues	Not Due	Outstanding from due date of payment *				Total
			<1 year	1-2 years	2-3 years	>3 years	
MSME	-	-	227.23	726.66	-	-	953.89
Other	3393.56	3026.40	10834.27	16544.91	5886.69	16160.72	55846.55
Disputed Dues-MSME	-	-	-	650.61	-	-	650.61
Disputed Dues-Others	-	-	1511.43	1415.69	6365.89	619.29	9912.30
<b>Total</b>	<b>3393.56</b>	<b>3026.40</b>	<b>12572.93</b>	<b>19337.87</b>	<b>12252.58</b>	<b>16780.01</b>	<b>67363.35</b>

\* Due date of payment is the date of transaction

**32 Other Financial Liabilities**

Interest Accrued	46967.11	49446.79
Interest accrued and due on NHAI premium obligation / Mobilization advance	16698.10	13486.40
Unclaimed Dividend (Refer Note No. 32.1)	1.51	1.75
Security Deposit and Retention Money	24649.07	24422.14
Employee Emoluments Payable	2102.84	2800.27
Others Payable	205.60	-
Payable towards capital expenditure	5880.10	5880.10
Advance Against Sale of Shares	848.10	-
Other Financial Liability	0.00	2876.70
Current maturities of premium obligation to NHAI	39825.50	39825.50
<b>Total</b>	<b>137177.93</b>	<b>138739.65</b>

32.1 There are no amounts due to be transferred to the Investor Education and Protection Fund u/s 125 of the Companies Act, 2013 as on March 31, 2023 (As on March 31, 2022 - Rs. Nil)

32.2 In case of one of the stepdown subsidiary, RPTPL, Premium obligation under the Concession Agreement has been deferred by NHAI vide its sanction letter dated June 10, 2014. According to the terms of the sanction letter company 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. In the previous year, the project has been terminated (refer note 65) and there is no premium obligation payable to NHAI after termination period and accordingly the liability of premium obligation of Rs. 47104.30 lacs has been written back.

As per the Ministry of Road Transport & Highways policy of National Highway Authorities of India (NHAI), the company is liable to make payment of Interest on Deferment of Premium at Bank Rate + 2% p.a. which is charged to statement of profit & loss account for the year and obligation on the same has been recognised as liabilities.

**33 Other Current Liabilities**

Sundry Creditors for Capital Goods	229.18	716.46
Statutory Dues	2927.18	4636.09
Other Advances	5371.74	17946.48
Security & Other Deposits	401.90	-
Contract Liabilities (Mobilization Advance)	23731.73	25741.02
<b>Total</b>	<b>32661.73</b>	<b>49040.05</b>

**34 Short-Term Provisions**

Provision for Employee Benefits	131.30	155.20
Periodic Major Maintenance (refer Note 52)	4917.30	3353.50
Provision for Impairment in the carrying value on loan given to stepdown subsidiary Company	1471.76	-
<b>Total</b>	<b>6520.36</b>	<b>3508.70</b>

**35 Current Tax Liabilities (Net)**

Provision for Income Tax (Net of Advance tax & TDS)	1527.60	1199.29
<b>Total</b>	<b>1527.60</b>	<b>1199.29</b>

<b>PARTICULARS</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
<b>36 Revenue from Operations</b>		
EPC & Other Contract Income (Refer Note No 49)	128212.96	150752.22
Revenue from Toll Collection, User fees and Annuity Income	48675.60	38952.50
Other Operating Income*	805.13	1065.38
<b>Total</b>	<b>177693.69</b>	<b>190770.10</b>
* Other Operating Income includes:		
Other Construction Income	14.30	0.00
Sale of Scrap	435.43	791.58
Advertisement Income	355.40	263.60
Advisory and Project Management Fees	-	10.20
<b>Total</b>	<b>805.13</b>	<b>1065.38</b>
<p>Ahmedabad Urban Development Authority (AUDA), has vide resolution passed by its board of directors in the meeting held on 9th October 2017, exempted Light Motor Vehicles (Four Wheelers) from payment of toll, w.e.f October 10, 2017. However the AUDA has not prepared any policy or modalities by which the stepdown company will be reimbursed for the losses due to said exemption. Pending the announcement by the AUDA of its policy/modalities for reimbursement of losses, the stepdown Company has recognised revenue of toll collection of Rs. 7171.50 lacs for the year ended March 31, 2023 (March 31, 2022 : Rs. 11016.50 lacs) based on the actual average daily traffic of Light Motor Vehicles (Four Wheelers) during April 2017 to September 2017.</p>		
<b>37 Other Income</b>		
(a) Net Gain or Loss on financial assets measured at FVTPL		
Profit on sale of Investments/ units of Mutual Funds (Net)	3.70	76.30
(b) Interest Income on:		
Investments	676.60	1006.00
Income Tax Refund	436.18	3039.13
Deposits with banks	1717.50	1324.28
Financial asset carried at amortised cost	21636.50	28468.10
Other	1639.03	1136.90
(c) Other Income		
Profit on Sale of Assets	251.40	-
Liabilities no longer required written back*	771.30	55360.50
Dividend Income	222.60	102.40
Gain on foreign currency transaction	-	26.60
Others	-	87.72
Profit on Sale of Shares	3.20	-
Income in relation to carve out assets	576.20	-
(d) Miscellaneous Income	12021.36	936.65
<b>Total</b>	<b>39955.57</b>	<b>92003.88</b>
<p>*In the view of the termination of the RHTPL project, there is no major maintenance obligation and pending works completion on the stepdown subsidiary company RHTPL and accordingly the provision of major maintenance &amp; pending work completion has been written back in previous year.</p>		
<p>*In the view of the termination of the RPTPL project, there is no obligation for NHAI premium on the stepdown subsidiary company RPTPL and accordingly the provision of Unwinding of discount on NHAI premium written back in previous year.</p>		
<b>38 Cost of Material Consumed</b>		
Opening Stock	9128.10	11789.29
Add Purchase	6123.64	18352.16
	<b>15251.74</b>	<b>30141.45</b>
Less Closing Stock of Material	2957.90	9128.10
<b>Total</b>	<b>12293.84</b>	<b>21013.35</b>
<b>39 Construction , Toll Plaza &amp; Road Maintenance Expenses</b>		
Labour Expenses	46009.46	52641.56
Construction Expenses	52754.80	35070.40
Power & Fuel	2127.15	7440.29
Stores Consumed	251.16	623.54
Repairs & Maintenances-Construction Machineries	76.64	413.01
Transportation Expenses	205.28	1440.74
Machinery Rent	684.23	1413.15
Periodic Major Maintenance (refer note 52)	3,395.40	2,995.00
Security Expenses	681.20	1728.90
Land & Godown Rent	281.49	614.15
Site Establishment Expenses	54.01	190.99
Mess Expenses	131.27	477.36
Other Expenses	865.60	354.50
Corporate Social Responsibility Expenses	67.28	-
<b>Total</b>	<b>107584.97</b>	<b>105403.59</b>

<b>PARTICULARS</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
<b>40 Employee Benefits Expense</b>		
Salary & Wages	5931.14	10556.33
Contribution to PF and Other Funds	358.23	549.61
Group Gratuity Fund Expenses	171.44	102.93
Staff Welfare Expenses	124.78	221.50
<b>Total</b>	<b>6585.59</b>	<b>11308.37</b>
<b>41 Finance Cost</b>		
a Interest Expenses on Financial liabilities measured at Amortised Cost		
On Borrowings	59570.93	91096.90
Deferred premium obligation	2886.20	3015.70
Others	212.50	20.20
On Mobilization Advance	1377.50	1418.40
b Unwinding of Discount on		
Provision of major maintenance	335.30	295.60
Interest free loan	-	439.23
c Interest On Taxes	431.10	334.55
d Other Borrowing Costs	1292.85	922.01
<b>Total</b>	<b>66106.38</b>	<b>97542.59</b>
<b>42 Other Expenses</b>		
Rent (Expense Related to Short term Leases)	148.78	50.77
Rates & Taxes	1268.81	744.72
Repairs & Maintenances to assets	3.80	-
Other Assets	-	33.30
Insurance Premium	477.95	1256.47
Directors Sitting Fees	11.50	14.90
Legal & Consultation Fees & Expenses	3717.03	3961.46
Corporate Social Responsibility Expenses	169.80	404.91
Donation	14.35	24.28
Cash Collection Charges	18.40	18.20
Provision for Impairment of Contract Asset (Refer note no. 64)	-	69391.76
Contract Assets Written Off (Refer Note No. 65)	6635.03	-
Impairment of Intangible Asset	-	9097.80
Auditors Remuneration	116.20	136.20
Trade and Other Receivable Written off	26337.58	-
Communication Expenses	11.60	11.60
Miscellaneous Expenses	7501.77	2645.96
<b>Total</b>	<b>46434.90</b>	<b>87796.03</b>
<b>42.1 Payment to Auditors</b>		
(i) For Audit	95.10	103.10
(ii) For Tax Audit	3.60	-
(iii) For Certification Works	17.50	33.10
<b>Total</b>	<b>116.20</b>	<b>136.20</b>
<b>42.2 Details of Corporate social responsibility expenditure</b>		

As per Section 135 of the Companies Act, 2013, Corporate Social Responsibility (CSR) committee has been formed by the Company. The Group is liable to incur CSR expense as per requirement of Section 135 of Companies Act, 2013. Accordingly, it has incurred expenses of Rs 237.08 Lakhs (Rs. 404.91 Lakhs) on the activities which are specified in Schedule VII to the Companies Act, 2013.

(a) Gross amount as per the limits of Section 135 of the Companies Act, 2013 : Rs. 235.35 Lakhs ( Rs. 388.17 Lakhs)

<b>Particulars</b>	<b>For the year ended 31st March 2023</b>	<b>For the year ended 31st March 2022</b>
(i) Amount required to be spent by the company during the year	235.35	388.17
(ii) Amount of expenditure incurred	237.08	404.91
(iii) Shortfall at the end of the year		
(iv) Total of previous years shortfall		
<b>Total amount contributed during the year</b>	<b>237.08</b>	<b>404.91</b>
(v) Reason for shortfall	N.A.	N.A.
(vi) Nature of CSR activities	Rural/Societal Development Projects	Rural/Societal Development Projects

**43 Income Tax expense**

The major component of income tax expenses for the year ended March 31, 2023 and March 31, 2022 are as under

**(a) Profit and Loss Section**

Particulars	March 31, 2023	March 31, 2022
<b>Current tax</b>		
Current tax charges	2048.60	992.40
<b>Total (A)</b>	<b>2048.60</b>	<b>992.40</b>
<b>Deferred tax</b>		
Deferred tax charge	(1,811.89)	925.15
<b>Total deferred income tax expense</b>	<b>Total (B) (1,811.89)</b>	<b>925.15</b>
Adjustments in respect of current tax of earlier years	Total (C) (1,631.68)	(2,572.95)
<b>Total income tax expense recognised in the Statement of Profit and Loss</b>	<b>Total (D=A+B+C) (1,394.97)</b>	<b>(655.40)</b>

**(b) Deferred Tax**

The movement in deferred tax assets and liabilities during the year ended March 31, 2023 and March 31, 2022 :  
During the year ended March 31, 2023

Particulars	Opening balance as at April 1, 2022	Deferred tax charges/(credit) recognised in P&L	Liabilities relating to assets classified as held for sale (refer note 57)	Closing balance as at March 31, 2023
	(A)	(B)	(C)	(E=A+B-C)
<b>Deferred Tax Liabilities</b>				
Impact on liability component of Compound instruments	(632.20)	632.20	-	0.00
Impact of fair valuation of financial instruments	(17,426.30)	447.10	(4,008.70)	(12,970.50)
Accelerated depreciation for tax purpose	10.40	(0.80)	-	9.60
Expenditure allowed on payment basis	12,578.40	(4,595.20)	-	7,983.20
Expenditure allowed over the period	(2,710.80)	383.70	-	(2,327.10)
Income tax allowable on actual receipt basis	(1,541.90)	1,503.30	-	(38.60)
Unused tax losses available for offsetting against future taxable income	1,100.10	3,972.95	3,494.90	1,578.15
Temporary Differences on account of Non taxable Items	(326.40)	(426.50)	-	(752.90)
	<b>(8,948.70)</b>	<b>1,916.75</b>	<b>(513.80)</b>	<b>(6,518.20)</b>
<b>Deferred Tax Assets</b>				
Tax credit entitlement under MAT	6,537.26	-	-	6,537.26
Investment in SIPL - Sub Debt	862.05	(204.84)	-	657.21
Provision for Gratuity	(95.63)	21.74	-	(73.89)
Leave	7.47	(3.09)	-	4.38
Property, Plant & Equipment	2,909.23	81.47	-	2,990.71
	<b>10,220.38</b>	<b>(104.72)</b>	<b>-</b>	<b>10,115.67</b>
<b>Total</b>	<b>1,271.68</b>	<b>1,812.03</b>	<b>(513.80)</b>	<b>3,597.47</b>

During the year ended March 31, 2022

Particulars	Opening balance as at April 1, 2021	Deferred tax charges/(credit) recognised in P&L	Liabilities relating to assets classified as held for sale (refer note 57)	Closing balance as at March 31, 2022
	(A)	(B)	(C)	(E=A+B-C)
<b>Deferred Tax Liabilities</b>				
Impact on liability component of Compound instruments	(767.50)	135.30	-	(632.20)
Impact of fair valuation of financial instruments	288.50	(19,026.90)	(1,312.10)	(17,426.30)
Accelerated depreciation for tax purpose	10.00	(2.00)	(2.40)	10.40
Expenditure allowed on payment basis	(18,846.40)	30,700.20	(724.60)	12,578.40
Expenditure allowed over the period	5,027.10	(1,593.50)	6,144.40	(2,710.80)
Income tax allowable on actual receipt basis	(5,698.40)	4,156.50	-	(1,541.90)
Unused tax losses available for offsetting against future taxable income	10,593.40	(11,809.20)	(2,315.90)	1,100.10
Temporary Differences on account of Non taxable Items	-	(326.40)	-	(326.40)
	<b>(9,393.30)</b>	<b>2,234.00</b>	<b>1,789.40</b>	<b>(8,948.70)</b>
<b>Deferred Tax Assets</b>				
Tax credit entitlement under MAT	10,330.98	(3,793.93)	-	6,537.05
Investment in SIPL - Sub Debt	1,046.58	(184.53)	-	862.05
Provision for Gratuity	(73.73)	(21.90)	-	(95.63)
Leave	38.26	(30.79)	-	7.47
Derivative Deals- option & currency Swap	(3.43)	3.43	-	-
Property, Plant & Equipment	2,040.77	868.57	-	2,909.46
	<b>13,379.42</b>	<b>(3,159.15)</b>	<b>-</b>	<b>10,220.38</b>
<b>Total</b>	<b>3,986.12</b>	<b>(925.15)</b>	<b>1,789.40</b>	<b>1,271.68</b>

**(c)**

Reconciliation of Deferred tax	As at 31.03.2023	As at 31.03.2022
Deferred tax asset (net)	3,578.41	3,683.12
Deferred tax liability (net)	(6,518.20)	(8,948.70)
MAT	6,537.26	6,537.26
	<b>3,597.47</b>	<b>1,271.68</b>

(d) Certain step down subsidiaries have carry forward business losses aggregating Rs 245487.60 lakhs (P.Y. : Rs. 207416.70 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.

(e) 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 subsidiary and step down subsidiaries, 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 subsidiary and step down subsidiaries were able to recognise all unrecognised deferred tax assets, profit would increase by Rs. 64176.20 lakhs (P.Y. :Rs. 67704.40 lakhs).

(f) 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.

(g) As a matter of Prudence, the Parent Company has not recognised deferred tax assets on unused tax credits and carry forward losses. Deferred tax asset include Rs. 6537.25 lakhs being amount of unused tax credit recognized in earlier years. Based on the projection of future profitability, the management of the Parent Company believes that it will have regular taxable income against which the unused tax credit will be realised.

44 Disclosure of Financial Instruments by Category

Particulars	Note no.	March 31, 2023				March 31, 2022			
		FVTPL	FVOCI	Amortized cost	Cost	FVTPL	FVOCI	Amortized cost	Cost
<b>Financial Assets</b>									
Receivable under Service concession arrangements	11 & 20	-	-	221910.50	-	-	-	3,69,301.40	-
Investments	8	12166.10	55.54	2.00	-	17,591.80	55.54	16.78	-
Trade Receivables	9 & 16	-	-	41407.18	-	-	-	45,546.46	-
Loans	10 & 19	-	-	1085.82	-	-	-	3,296.55	-
Cash and cash equivalents	17	-	-	10669.77	-	-	-	15,676.29	-
Other bank balances	18	-	-	1071.87	-	-	-	5,564.60	-
Other financial assets	12 & 21	-	-	250865.10	-	-	-	2,83,602.82	-
<b>Total Financial Assets</b>		<b>12,166.10</b>	<b>55.54</b>	<b>5,27,012.24</b>	<b>-</b>	<b>17,591.80</b>	<b>55.54</b>	<b>7,23,004.90</b>	<b>-</b>
<b>Financial Liabilities</b>									
Non Current Borrowings	26	-	-	2,11,694.19	-	-	-	3,29,013.12	-
Current Borrowings	30	-	-	2,63,617.12	-	-	-	2,46,876.57	-
Lease Liabilities		-	-	-	-	-	-	172.24	-
Trade Payables	31	-	-	67,982.98	-	-	-	67,363.35	-
Other Financial liabilities	27 & 32	-	-	1,45,178.23	-	-	-	1,42,253.55	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>6,88,472.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,85,678.83</b>	<b>-</b>

45 Fair value disclosures for financial assets and financial liabilities

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particular	March 31, 2023		March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Investments in units of Indinfravit Trust	12,166.10	12,166.10	17,591.80	17,591.80
<b>Total Financial Assets</b>	<b>12,166.10</b>	<b>12,166.10</b>	<b>17,591.80</b>	<b>17,591.80</b>
<b>Financial Liabilities</b>				
Redeemable, Non Convertible Debentures	56,864.00	56,864.00	66,389.00	66,389.00
Premium Obligation under Concession Agreement	39,825.50	39,825.50	39,825.50	39,825.50
<b>Total Financial Liabilities</b>	<b>96,689.50</b>	<b>96,689.50</b>	<b>1,06,214.50</b>	<b>1,06,214.50</b>

- (i) 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.
- (ii) 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.
- (iii) The fair value of Premium Obligation is calculated by discounting future cash flows using rates as per RBI Bank rate + 2%.
- (iv) The carrying value of Group's interest-bearing borrowings are reasonable approximations of fair values as the borrowing carry floating interest rate.

46 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, 2023 and March 31, 2022

Assets measured at fair value	Note No.	March 31, 2023	
		Quoted Price in active market Level - 1	Significant observable Inputs Level - 2
<b>Fair value through profit &amp; loss</b>			
Investments in units of Indinfravit Trust	8	12,166.10	
<b>Fair value through OCI</b>			
Investments in Equity Instruments of other Entities	8		55.54
<b>Liabilities measured at fair value</b>			
<b>Assets for which fair values are disclosed</b>			
Redeemable, Non Convertible Debentures	27 & 30		56,864.00
Premium Obligation under Concession Agreement	28		39,825.50

Assets measured at fair value	Note No.	March 31, 2022	
		Quoted Price in active market Level - 1	Significant observable Inputs Level - 2
<b>Fair value through profit &amp; loss</b>			
Investments in units of Indinfravit Trust	8	17,591.80	
<b>Fair value through OCI</b>			
Investments in Equity Instruments of other Entities	8		55.54
<b>Liabilities measured at fair value</b>			
<b>Assets for which fair values are disclosed</b>			
Redeemable, Non Convertible Debentures	27 & 30		66,389.00
Premium Obligation under Concession Agreement	28		39,825.50

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.

**47 Working of Earning Per Share**

Reconciliation of Equity Shares outstanding at the end of year:

PARTICULARS	As at March 31, 2022	As at March 31, 2021
Nominal Value of Equity Share (Re per share)	1.00	1.00
<b>For Basic EPS:</b>		
Number of Equity Shares at the beginning of the year	171570800	171570800
Number of Equity Shares at year end	171570800	171570800
Weighted Average number of Equity Shares	171570800	171570800
<b>For Diluted EPS</b>		
Weighted Average number of Equity Shares as per above working	171570800	171570800
Weighted Average number of Dilutive Equity Shares	171570800	171570800

**Basic and Diluted Earning / (Loss) per share**

Net Profit / (Loss) Profit after Tax	(58,909.84)	(72,370.18)
Weighted Average number of Equity Shares	171570800	171570800
Basic and Diluted Earning / (Loss) per share(Rs.)	(34.34)	(42.18)

**48 Employee Benefits**

As per Ind AS - 19 - "Employee Benefits", the disclosures of Employee Benefits is given as below:-

**48.1 Defined Contribution Plans**

**Details of amount recognized as expenses during the year for the defined contribution plans.**

Particulars	March 31, 2023	March 31, 2022
Contribution to Provident Funds	354.10	520.14
Contribution to ESIC	4.13	28.87
Other funds		0.60
<b>Total</b>	<b>358.23</b>	<b>549.61</b>

**48.2 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 Rs. 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	60 years

\*In case of employees with age above the retirement age mentioned in plan features, the retirement is assumed to happen immediately and valuation is done accordingly.

48.3 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.

**48.4 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.

**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.



48.5 Reconciliation of defined benefit obligations

Particulars	As at March 31, 2023	As at March 31, 2022
Defined benefit obligations as at beginning of the year	1,060.61	1,209.04
Current service cost	174.04	211.99
Interest cost	43.40	49.52
Actuarial Loss/(Gain) due to change in financial assumptions	(21.32)	(114.31)
Actuarial Loss/(Gain) due to change in demographic assumptions	22.86	-
Actuarial Loss/(Gain) due to experience	(3.40)	(152.11)
Benefits Paid	(392.33)	(143.52)
	<b>883.86</b>	<b>1,060.61</b>
Defined benefit obligation pertaining to asset held for sale (refer note 57)	(237.80)	(55.80)
<b>Defined benefit obligations as at end of the year</b>	<b>646.06</b>	<b>1,004.81</b>

48.6 Reconciliation of Plan Asset

Particulars	As at March 31, 2023	As at March 31, 2022
Plan Asset as at beginning of the year	985.47	1,060.84
Expenses deducted from the fund	-	-
Interest Income	65.15	67.66
Return on plan assets excluding amounts included in interest income	(11.18)	(0.61)
Contributions by employer	6.10	-
Benefits paid	(350.63)	(142.42)
<b>Plan Asset as at end of the year</b>	<b>694.91</b>	<b>985.47</b>

48.7 Reconciliation of the Effect of Asset ceiling

Particulars	As at March 31, 2023	As at March 31, 2022
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>

48.8 Net amount Charged to Statement of Profit and Loss for the period

Particulars	2022-23	2021-22
Current service cost	152.04	188.69
Past Service cost and Loss/(gain) on curtailments and Settlement	-	-
Net Interest cost	0.45	5.16
<b>Net amount recognized</b>	<b>152.49</b>	<b>193.85</b>

Other Comprehensive income for the period

Particulars	2022-23	2021-22
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	38.93	25.41
Due to change in demographic assumption	(22.86)	-
Due to experience adjustments	33.32	193.81
Return on plan assets excluding amounts included in interest income	(10.98)	0.29
<b>Amounts recognized in Other Comprehensive Income</b>	<b>38.41</b>	<b>219.51</b>

48.9 Break up of Plan Assets

Particulars	2022-23	2021-22
Insurance Policy	100%	100%

48.10 Actuarial Assumptions

Particulars	As at March 31, 2023	As at March 31, 2022
Discount Rate	6.70% - 7.2%	6.70%
Salary Growth Rate	4% - 6%	4% to 6%
Withdrawal Rate	40% for all ages - 15% at younger ages, reducing to 3% at older ages	15% to 25% at younger ages reducing to 3% to 5% at older ages

48.11 Sensitivity Analysis of parent company for Actuarial Assumption

As at 31.03.2023	Change in Assumptions		Impact on Defined Benefit Obligation			
	Increase	Decrease	Increase in Assumptions		Decrease in Assumptions	
	%	%	Rs. in Lakhs	%	Rs. in Lakhs	%
Discount Rate	0.50%	0.50%	(2.67)	-0.56%	2.73	0.56%
Salary Growth Rate	0.50%	0.50%	2.76	0.57%	(2.73)	-0.56%
Withdrawal Rate	110.00%	90.00%	0.68	0.14%	(0.99)	-0.20%

As at 31.03.2022	Change in Assumptions		Impact on Defined Benefit Obligation			
	Increase	Decrease	Increase in Assumptions		Decrease in Assumptions	
	%	%	Rs. in Lakhs	%	Rs. in Lakhs	%
Discount Rate	0.50%	0.50%	(16.97)	-2.39%	17.84	2.51%
Salary Growth Rate	0.50%	0.50%	16.86	2.37%	(16.26)	-2.29%
Withdrawal Rate	0.50%	0.50%	2.47	0.35%	(3.09)	-0.43%

**Sensitivity Analysis of subsidiary & step down subsidiary company for Actuarial Assumption**

As at 31.03.2023	Change in Assumptions		Impact on Defined Benefit Obligation	
	Increase	Decrease	Increase in Assumptions	Decrease in Assumptions
	%	%	Rs. in Lakhs	Rs. in Lakhs
Discount Rate	0.50%	0.50%	(2.90)	2.90
Salary Growth Rate	0.50%	0.50%	2.20	(2.20)
Withdrawal Rate	10.00%	10.00%	-	-
Attrition Rate	10.00%	10.00%	-	-

As at 31.03.2022	Change in Assumptions		Impact on Defined Benefit Obligation	
	Increase	Decrease	Increase in Assumptions	Decrease in Assumptions
	%	%	Rs. in Lakhs	Rs. in Lakhs
Discount Rate	0.50%	0.50%	(12.50)	13.30
Salary Growth Rate	0.50%	0.50%	12.90	(12.10)
Withdrawal Rate	10.00%	10.00%	-	-
Attrition Rate	10.00%	10.00%	2.60	(6.70)

**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.

**48.12 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.

**48.13 Expected contribution to the plan for the next annual reporting period**

Particulars	2022-23	2021-22
Expected contribution to the plan	32.76	96.06
<b>Total</b>	<b>32.76</b>	<b>96.06</b>

**48.14 Maturity Profile of the Defined Benefit Obligation of Holding Company**

As at March 31, 2022	Rs. in Lakhs	%
2024	311.81	41.10%
2025	80.21	21.80%
2026	56.26	15.30%
2027	32.33	8.80%
2028	20.89	5.70%
2029 - 2033	24.69	6.70%

As at March 31, 2021	Rs. in Lakhs	%
2023	141.32	12.40%
2024	93.78	9.10%
2025	77.62	7.50%
2026	90.91	8.80%
2027	82.85	8.10%
2028 - 2032	298.01	29.00%

**48.15 Maturity Profile of the Defined Benefit Obligation of Subsidiary and step-down subsidiaries**

As at March 31, 2023	Rs. in Lakhs
2024	25.40
2025	25.80
2026	9.00
2027	55.80
2028	16.50
2029 - 2033	19.20

As at March 31, 2022	Rs. in Lakhs
2023	24.70
2024	10.10
2025	7.50
2026	9.10
2027	40.80
2028 - 2032	47.80

**Sadbhav Engineering Limited****Notes forming Part of the consolidated financial statements**

(Rs. in Lakhs)

**49 Revenue from contract with customers****49.1 Disaggregated revenue information**

Set out below is the disaggregation of the Company's revenue from contracts with customers:

**Type of service rendered**

Revenue from construction services

Revenue from Toll Collection, User fees and Annuity Income

**Total revenue from contracts with customers****Place of service rendered**

India

**Total revenue from contracts with customers****Timing of revenue recognition**

Services transferred over time

**Total revenue from contracts with customers**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>(Rs. in Lakhs)</b>	<b>(Rs. in Lakhs)</b>
Revenue from construction services	128212.96	150752.22
Revenue from Toll Collection, User fees and Annuity Income	48675.60	38952.50
<b>Total revenue from contracts with customers</b>	<b>176888.56</b>	<b>189704.72</b>
<b>Place of service rendered</b>		
India	176888.56	189704.72
<b>Total revenue from contracts with customers</b>	<b>176888.56</b>	<b>189704.72</b>
<b>Timing of revenue recognition</b>		
Services transferred over time	176888.56	189704.72
<b>Total revenue from contracts with customers</b>	<b>176888.56</b>	<b>189704.72</b>

**49.2 Contract balances**

Contract assets (Unbilled revenue)

Contract liabilities including advances from customers

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>(Rs. in Lakhs)</b>	<b>(Rs. in Lakhs)</b>
Contract assets (Unbilled revenue)	89462.87	88032.23
Contract liabilities including advances from customers	29103.47	43687.50

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.

**49.3 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 Group. The Group received progressive payment toward provision of construction services.

**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 &amp; maintenances and project management services. The performance obligation is satisfied over-time and payment is generally due on completion of services i.e. monthly basis.

**d Performance obligations**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of the subsidiaries and step down subsidiaries as at 31 March are, as follows:

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>(Rs. in Lakhs)</b>	<b>(Rs. in Lakhs)</b>
Within one year	182333.50	212968.60
More than one year	95228.70	146329.40

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31,2023 is Rs. 131265.90 lakhs of the Parent Company. Out of this the Parent Company expect to recognise revenue around Rs. 74270.43 lakhs in next year and remaining thereafter. Remaining performance obligation estimates are subject to change and affected by several factors including terminations , change of scope of contracts, occurrence of same is expected to be remote.

49.4 Reconciliation of the amount of revenue recorded in consolidated statement of Profit and loss is not required as there are no adjustments to the contracted price.

**50 List of Related Parties****(a) Related Party with whom Control Exists****Joint Ventures:**

SEL-GKC JV,  
Sadbhav-Annapurna,  
Sadbhav-Vishnushiva,  
Sadbhav Engineering Ltd Vaishnovi Construction,

Corsan Corviam Construction SA – Sadbhav,  
SEL-PIPL, PBA-Sadbhav,  
SEL-SPSCPL Joint Venture

**(b) Key Management Personnel (KMP) - Parent Company :**

Shri Shashinbhai V. Patel (Chairman and Managing Director w.e.f. 17-12-2022)  
Shri Nitin R. Patel, (Executive Director and Chief Financial Officer up to November 21,2022)  
Shri Jatin Thakkar, (Chief Financial Officer from December 17,2022 to March 14,2023 )  
Shri Vasistha C. Patel, (Chief Executive Officer up to November 21,2022)  
Shri Rohit Modi, (Chief Executive Officer w.e.f. November 21,2022 to February 14,2023)  
Shri Rohit Modi, (Group Chief Executive Officer w.e.f. February 14,2023)  
Shri Arun S Patel, Non-Executive – (Independent Director up to September 25, 2022)

Shri Dwigesh Joshi, (Chief Financial Officer w.e.f March 15,2023 )  
Shri Jatin Thakkar, (Non Executive Director w.e.f March 15,2023 )  
Shri Sandip Patel, Non-Executive – Independent Director  
Shri Tarang Desai, Non-Executive – Independent Director  
Shri Hardik Modi, Company Secretary and Compliance Officer  
Smt. Anjali Nirav Choksi- Independent Director

**(b) Key Management Personnel (KMP) - Subsidiaries and Stepdown Subsidiaries :**

Shri Jatin Thakkar, (Chief Financial Officer w.e.f March 14,2023 )  
Shri Dwigesh Joshi, (Non Executive Director w.e.f March 15,2023 )

Shri Nitin R. Patel, Non-Executive Director (upto November 21, 2022)  
Shri Pradip Agarwal, Chief Financial Officer (upto November 02, 2022)

**Sadbhav Engineering Limited**
**Notes forming Part of the consolidated financial statements**

(Rs. in Lakhs)

Shri Dakshaben Shah, Independent Director  
 Shri Vasistha C. Patel, Managing Director (upto November 21, 2022)  
 Shri Niketan Patel, Director of Subsidiary (upto November 30, 2022)  
 Shri Vikas Birla, Director of Subsidiary (upto September 09, 2021)  
 Shri Girish Patel, Director of Subsidiary  
 Shri Purushottambhai Patel, Director of Subsidiary (w.e.f November 18, 2022)  
 Shri Shailesh Koshti, Company Secretary (upto January 09, 2022)  
 Shri Radhika Raninga, Company Secretary  
 Shri Jayesh Bhavsar, Company Secretary (from March 01, 2022 to August 01, 2022)  
 Shri Hitesh Chelani, Chief Financial Officer  
 Shri Rahul Sheth, Company Secretary  
 Shri Manish Pandya, Manager  
 Shri Rohit Modi, Group Chief Executive Officer (w.e.f. February 14, 2023)  
 Shri Arun S Patel, Non-Executive – Independent Director

Shri Daksh Parikh, Company Secretary (upto June 04, 2022)  
 Shri Mahendrasinh Chavda, Director of Subsidiary  
 Shri Rajkumar Dhoot, Director of Subsidiary (upto July 05, 2021)  
 Shri Ravi Kapoor, Director of Subsidiary  
 Shri Kalpesh Shah, Director of Subsidiary  
 Shri Rajat Mondal, Director of Subsidiary (w.e.f December 03, 2022)  
 Shri Foram Parikh, Company Secretary (upto August 31, 2021)  
 Shri Dhrupa Thakkar, Company Secretary (upto August 31, 2021)  
 Shri Rahul Sheth, Company Secretary  
 Shri Kaivan Vora, Chief Financial Officer  
 Shri Jayesh Bhavsar, Company Secretary (w.e.f March 01, 2022)  
 Shri Sandip Patel, Non-Executive – Independent Director

 (c) **Entities in which KMP / relatives of KMP can exercise significant influence**

Sadbhav Finstock Pvt. Ltd.

Ennar Infra Solutions LLP (Up to November 21, 2022)

Sadbhav Realty Pvt. Ltd. \*

\* No transactions during the year

(Rs. in Lakhs)

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	582.99			582.99
	(1,059.05)			(1,059.05)
Providing of services	-			-
	(0.60)			(0.60)
Sub contracting Expenditure			-	-
			(19.63)	(19.63)
Remuneration Expenses		451.53		451.53
		(433.06)		(433.06)
Services Received			3.50	3.50
			(6.00)	(6.00)
Director Sitting Fees		13.30		13.30
		(14.50)		(14.50)
Expenses incurred on behalf and recovered			-	-
			(0.08)	(0.08)
Unsecured Loan Received		12,504.06	-	12,504.06
		(16,939.55)	-	(16,939.55)
Unsecured Loan Repaid		4,041.19		4,041.19
		(5,700.10)		(5,700.10)
Mobilization/Material/Machinery Advance Received	472.01			472.01
	(218.20)			(218.20)
Mobilization/Material/Machinery Advance Repaid	108.14			108.14
	(148.00)			(148.00)
Security Deposit/Retention Money Deducted by Clients	183.44			183.44
	(171.38)			(171.38)
Security Deposit/Retention Money Released by Clients	156.49			156.49
	(522.30)			(522.30)
Security Deposit/Retention Money Deducted from Sub-contractors				-
			(0.49)	(0.49)
Security Deposit/Retention Money Paid from Sub-contractors				-
			(1.28)	(1.28)
<b>Outstanding Balances</b>				
Trade Receivables	(277.62)			(277.62)
	(2,443.29)			(2,443.29)
Remuneration and Director Sitting fees		(5.78)		(5.78)
		(44.64)	(4.32)	(48.96)
Unsecured Loan Given				-
			(1,025.72)	(1,025.72)
Mobilization/Material/Machinery Advance Received	434.06			434.06
	(70.19)			(70.19)
Security Deposit/Retention Money Deducted by Clients	9,441.23			9,441.23
	(9,414.21)			(9,414.21)
Unsecured Loan Received		20,139.11	-	20,139.11
		(11,676.24)		(11,676.24)

**NOTES:**

1 The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

**Sadbhav Engineering Limited****Notes forming Part of the consolidated financial statements**

(Rs. in Lakhs)

- 2 Remuneration expenses includes Rs. 53.90 lakhs (Rs. 84.00 lakhs) Paid to Nitin R. Patel, Executive Director & CFO up to up to November 21, 2022, Rs. 4.81 lakhs paid to Dwigesh Joshi, Executive Director & CFO of the company, Rs. 24.51 lakhs (Rs. 16.36 lakhs) paid to Hardik Modi, Company Secretary and Compliance Officer.
- 3 The Group has not provided any commitment to the related party as at March 31, 2023 and March 31, 2022

**51 Contingent Liabilities and commitments****A Contingent Liabilities - In respect of Parent Company**

	<b>March 31, 2023</b> <b>(Rs. in Lakhs)</b>	<b>March 31, 2022</b> <b>(Rs. in Lakhs)</b>
a Income tax matters in dispute	11776.88	15113.97
b Service tax matters in dispute	612.34	612.34
c Value added tax matters in dispute	414.36	414.36
d Customs duty matters in dispute	237.89	237.89
e Goods and Service tax	861.67	609.03
f Claims against the company not acknowledged as debt		

- (i) Sarda Energy and Minerals Ltd. (Formerly known as Raipur Alloys Limited) has filed a suit for recovery of Rs.46.42 Lakhs (P.Y.: Rs. 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 Rs 46.42 Lakhs (P.Y.: Rs. 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 Rs. 21.020 Lakhs (P.Y.: Rs. 21.20 Lakhs ). The matter is pending before the high Court, Nagpur
- (ii) A case before Workmen Compensation Commissioner, Udaipur was filed for compensation of Rs. 11.69 Lakhs (P.Y. : Rs. 11.69 Lakhs ) under Employees Compensation Act, 1923. The matter is currently pending.
- (iii) A case before Labour Court at Ahmedabad, was filed for compensation against the company. The labour court has directed to pay compensation of Rs. 3.63 Lakhs (P.Y. : Rs. 3.63 Lakhs), the company has filled appeal before the High court of Gujarat. The matter is currently pending.
- (iv) Company has moved to Nagpur High Court for release of penalty amount Rs. 113.45 Lakhs (P.Y. : Rs. 113.45 Lakhs) against the services provided at Junad Mines of WCL. The case is pending.
- (v) 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 filed the appeal in Jharkhand High court at Ranchi. The Matter is pending.
- (vi) The Directorate of Revenue Intelligence, Lucknow issued a show cause notice to SEL on dated 22/11/2017, seeking reasons for not demanding Rs. 187.89 Lakhs with respect to the customs duty on importing Electronic Sensor paver Finisher, which was valued at Rs. 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 Commminsinerate - 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.
- (vii) 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 (P.Y. : 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 (P.Y. : Rs. 8160.00 Lakhs ). The matter is currently pending.
- (viii) Some of the contractors and suppliers have filed cases before NCLT, Civil Courts and MSME Council claiming the payment of outstanding amount, claims and interest. The Company has made representation/submissions to the respective forums. Based on the legal advice and past out come management believes that in addition to be amount provided in the books of accounts no further amount in form of claims and interest will be payable.

Note- It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities.

The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

**g Guarantees**

Company has given corporate guarantee to banks outstanding amount of which as on March 31, 2023 is Rs. 94545.96 Lakhs (March 31, 2022: Rs. 93913.59 Lakhs ) against the financial assistance given by the banks to subsidiary company and step down subsidiaries.

**B Contingent Liabilities - In respect of Subsidiary and Stepdown Subsidiary Companies**

	<b>March 31, 2023</b> <b>(Rs. in Lakhs)</b>	<b>March 31, 2022</b> <b>(Rs. in Lakhs)</b>
Income tax demand (refer note (i) below)	-	137.30
Goods and Service tax	965.64	-
Claim filed by National Highway Authorities of India (NHAI) (refer note (ii) below)	2,034.50	2,034.50
	<b>3,000.14</b>	<b>2,171.80</b>

- (i) The income tax demand is pertaining to Rohtak Panipat Tollway Private Limited ('RPTPL') on account of disallowance in computation of income claimed by the step down subsidiary under the Income tax Act, 1961. The step down 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.
- (ii) NHAI has lodged claim against Rohtak Panipat Tollway Private Limited ('RPTPL') for non-achievement of minimum Finished Road Level (FRL) of Rs. 2034.50 lakhs including interest in arbitration. During the year, two arbitrators has declared award in favour of NHAI which has been dissented by one arbitrator. Since the award was not unanimous, the matter has been referred to Hon'ble High Court of Delhi by the RPTPL under Section 34 of Arbitration and Conciliation Act, 1996. Currently, the matter is pending with Hon'ble High Court of Delhi.

**Sadbhav Engineering Limited****Notes forming Part of the consolidated financial statements**

(Rs. in Lakhs)

- (iii) The Deputy commissioner of income tax, Circle 1(1) has disallowed the expenditure for AY 2017-18. CIT(A)-11 has passed the order and given the relief for disallowances of expenditure of Rs. 1677.20 lakhs. The DCIT, filled appeal against the order of CIT(A), 11 for AY 2017-18 for relief of disallowances of expenses of Rs. 1677.20 lakhs. The Tax effect of the same is Rs. 611.20 lakhs and the matter is pending with Income Tax Appellate Tribunal, Ahmedabad.

**Guarantees**

The Subsidiary has given corporate guarantee to banks for Rs. 38294.20 lacs (P.Y Rs. 40119.50 lacs ) against the finance facility given by the banks to the Stepdown subsidiary Companies.

**C Capital & other Commitments**

The followings are the estimated amount of contractual commitments of the Group:-

Particulars	March 31, 2023	March 31, 2022
(i) Sub Ordinate Debt/Equity Shares in Subsidiaries	-	6263.12
(ii) Capital Commitments	128539.12	125421.52
(iii) EPC Sub-contract & Operation & Maintenance commitments	98669.10	41746.00
(iv) Other Commitments	371.04	5381.62

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 lenders, 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 subsidiary and step down subsidiary companies, details of which are 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	As at March 31, 2023	As at March 31, 2022
Ahmedabad Ring Road Infrastructure Limited	70.00%	45.00%	30.00%	30.00%
Maharashtra Border Check Post Network Limited	70.00%	51.00%	30.00%	30.00%
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 Limited	51.00%	30.00%	51.00%	51.00%
Sadbhav Udaipur Highway Limited	51.00%	30.00%	51.00%	51.00%
Sadbhav Bangalore Highway Private Limited	51.00%	51.00%	51.00%	51.00%
Sadbhav Vidarbha Highway Limited	51.00%	30.00%	51.00%	51.00%
Sadbhav Bhavnagar Highway Limited	51.00%	30.00%	51.00%	51.00%
Sadbhav Rudrapur Highway Limited	51.00%	26.00%	51.00%	51.00%
Sadbhav Jodhpur Ring Road Private Limited	51.00%	21.00%	51.00%	51.00%
Sadbhav Hybrid Annuity Projects Limited	0.00%	0.00%	51.00%	51.00%
Sadbhav Kim Expressway Private Limited	51.00%	51.00%	51.00%	51.00%
Sadbhav Gadag Highway Private Limited	100.00%	51.00%	99.88%	99.88%
Sadbhav Nainital Highway Limited	51.00%	26.00%	51.00%	51.00%

**52 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:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Carrying amount at the beginning of the year</b>	3,353.50	19,986.80
Add: Additional provision made during the year	3,464.80	3,057.30
Add: increase during the Year in the discounted amount due to passage of time	335.30	295.60
Less: Amounts used (i.e. incurred and charged against the provision) during the year	(2,236.50)	(2,830.10)
Less: Unused amounts reversed during the year	-	(17,156.30)
<b>Sub total</b>	<b>4,917.30</b>	<b>3,353.50</b>
Less: Pertaining to entity held for sale	-	-
<b>Carrying amount at the end of the year</b>	<b>Total 4,917.30</b>	<b>3,353.50</b>
Current	4,917.30	-
Non-Current	-	3,353.50
<b>Total</b>	<b>-</b>	<b>3,353.50</b>
Year of expected cash outflow	2024-2026	2024-2026

**53 Segment Information:**

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

**54 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"****55 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 taken by subsidiary and step down subsidiaries:-



**56 Asset held for Sale**

**(a) Description**

- (i) Sadbhav Infrastructure Projects Limited, a Subsidiary company has entered into definitive share purchase agreement (SPA) with Adani Road Transport Limited (ARTL) on August 16, 2021 (Amended and restated on January 27, 2022), for sale of its equity shares of Maharashtra Border Check Post Network Limited (MBCPNL) a wholly owned step down subsidiary of the Company, out of which 49% shares have been acquired by ARTL. Subsequent to March 31, 2022, 51% shares held by the company in MBCPNL will be transferred to ARTL in terms of SPA. subject to inter alia the satisfaction of the relevant conditions precedent and receipt of requisite regulatory approvals/consents ("the Transaction"). Consequent to this agreement, the amount of 51% shares of MBCPNL has been classified as assets held for sale in accordance with IND AS-105 - Non current Assets held for Sale and Discontinuing Operations.
- (ii) Sadbhav Infrastructure Projects Limited, a Subsidiary company has entered into Binding Term Sheet with Kalthia Engineering and Construction Limited for proposed stake sale of Sadbhav Bhavnagar Highway Limited (SBHL) and Sadbhav Una Highway Limited (SUHL) whereby it has agreed to sell its entire shareholding in SBHL and SUHL at an enterprise value of INR 75182.00 lacs. The sale will be completed on fulfilment of conditions precedent as specified in the said MOUs after execution of Share Purchase agreement. Consequent to this agreement all assets and liabilities pertaining to this step down subsidiaries has been classified as assets held for sale in accordance with INDAS 105- Non current Assets held for Sale and Discontinuing Operations.

**(b) Assets and liabilities classified as held for sale**

The following assets and liabilities are classified as held for sale as on March 31, 2023 & March 31, 2022:

	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
	<b>(Rs in Lakhs)</b>	<b>(Rs in Lakhs)</b>
<b>Non-current assets</b>		
1	Property, plant and equipments	156.00
2	Goodwill	560.30
3	Right of use asset	-
4	Other intangible assets	167.80
5	Intangible Asset under Development	1,32,429.60
6	Receivable under Concession Arrangements from NHAI	1,27,937.70
7	Financial assets	-
	(i) Other financial assets	9,697.80
8	Other non-current assets	64,128.80
	(i) Other financial assets	633.70
	Other non-current assets	1,125.40
	<b>Total (A)</b>	<b>1,38,219.90</b>
	<b>1,98,641.30</b>	<b>1,38,219.90</b>
<b>Current assets</b>		
1	Financial assets	-
	(i) Investments	-
	(ii) Trade receivables	12.20
	(iii) Cash and cash equivalents	23.50
	(iv) Bank Balances other than (iii) above	1,290.60
	(v) Receivable under Concession Arrangements from NHAI	3,376.50
	(iv) Other financial assets	12,425.70
2	Current Tax Assets	991.30
3	Other current assets	69.50
	Other current assets	4,805.00
	<b>Total (B)</b>	<b>3,143.80</b>
	<b>22,970.80</b>	<b>3,143.80</b>
	<b>Total assets classified as held for sale (A+B)</b>	<b>1,41,363.67</b>
	<b>2,21,612.20</b>	<b>1,41,363.67</b>
<b>Non-current liabilities</b>		
1	Financial liabilities	-
	(i) Borrowings	1,80,117.40
2	Lease Liabilities	110.60
3	Provisions	207.40
4	Deferred tax liabilities (net)	202.20
	Deferred tax liabilities (net)	514.10
	<b>Total (A)</b>	<b>1,36,422.10</b>
	<b>1,80,949.50</b>	<b>1,36,422.10</b>
<b>Current liabilities</b>		
1	Financial liabilities	-
	(i) Borrowings	15,751.30
	Lease liabilities	7,883.60
	(ii) Trade payables	60.50
	- Total outstanding dues of micro enterprises and small enterprises	-
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	283.70
	(iii) Other financial liabilities	1,247.00
2	Other current liabilities	6,722.00
3	Provisions	930.20
4	Current tax liabilities (net)	2,408.90
	Current tax liabilities (net)	603.70
	<b>Total (B)</b>	<b>10,722.40</b>
	<b>26,597.50</b>	<b>10,722.40</b>
	<b>Total liabilities classified as held for sale (A+B)</b>	<b>1,47,144.60</b>
	<b>2,07,547.00</b>	<b>1,47,144.60</b>

57 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, 2023	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)		
	Name of the entity	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	322.59%	1,08,231.82	49.54%	(34,648.38)	72.14%	27.71	49.53%	(34,620.67)	
<b>Subsidiary Companies</b>									
<b>Indian</b>									
SIPL	-49.22%	(16,515.38)	36.41%	(25,462.27)	13.28%	5.10	36.42%	(25,457.20)	
GADAG	37.45%	12,564.00	-1.72%	1,200.81	-	-	-1.72%	1,200.81	
<b>Adjustment due to consolidation</b>	-258.58%	(86,757.49)	-	-	-	-	-	-	
<b>Net assets / Profit (Loss) attributable to the owners of the Company</b>	52.23%	17,522.95	84.23%	(58,909.84)	85.42%	32.81	84.23%	(58,877.06)	
<b>Non-Controlling Interest in Subsidiaries</b>	47.77%	16,028.46	15.77%	(11,029.14)	14.58%	5.60	15.77%	(11,023.54)	
<b>Consolidated net assets / Profit (Loss)</b>	100.00%	33,551.41	100.00%	(69,938.98)	100.00%	38.41	100.00%	(69,900.57)	

As On March 31, 2022	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)		
	Name of the entity	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	134.53%	1,42,852.53	98.34%	(71,631.72)	76.72%	168.41	98.41%	(71,463.31)	
<b>Subsidiary Companies</b>									
<b>Indian</b>									
SIPL	21.57%	22,906.80	2.28%	(1,658.86)	23.28%	51.10	2.21%	(1,607.76)	
GADAG	9.30%	9,872.99	-1.26%	920.40	-	-	-1.27%	920.40	
MBHPL			0.00%	-		-	0.00%	-	
<b>Adjustment due to consolidation</b>	-89.92%	(95,478.85)	0.00%	-	-	-	0.00%	-	
<b>Net assets / Profit (Loss) attributable to the owners of the Company</b>	75.48%	80,153.47	99.36%	(72,370.18)	100.00%	219.51	99.35%	(72,150.67)	
<b>Non-Controlling Interest in Subsidiaries</b>	24.52%	26,031.60	0.64%	(469.14)	0.00%	-	0.65%	(469.14)	
<b>Consolidated net assets / Profit (Loss)</b>	100.00%	1,06,185.07	100.00%	(72,839.32)	100.00%	219.51	100.00%	(72,619.81)	

#### 58 Financial Instruments Risk management objectives and Policies

The Group's principal financial liabilities comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Group's operations as well as development and maintenance of SPVs project. The Group's principal financial assets include Investments, trade receivables, other receivables including those under service concession, loans and cash and bank balances, which has been directly derived from its operations.

The Group's business activities are exposed to variety of financial risks, namely market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management systems are reviewed periodically to reflect changes in market conditions and the Group's activities. The Board of Directors oversee compliance with the Group's risk management policies and procedures, and reviews the risk management framework.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency 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, Group 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 25-basis points of the interest rate yield curves in all currencies

- a simultaneous, parallel foreign exchange rates shift in which the Rs. 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 analyses exclude the impact of movements in market variables on: the carrying values of gratuity and provisions.

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, 2023 and March 31, 2022.

#### Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the group mainly from non - current borrowings with variable rates. The Group maintains its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. The group measures risk through sensitivity analysis.

The banks are now finance at variable rate only, which is the inherent business risk.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit/(loss) before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on profit before tax	
	March 31, 2023	March 31, 2022
Increase in 25 basis point	(1249.82)	(813.11)
Decrease in 25 basis point	1249.82	813.11

The effect of interest rate changes on future cash flows is excluded from this analysis.

#### Price risk

The Group has securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all investment decisions. Such Financial Assets are not impaired as on the reporting date.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk related to operating activities (primarily receivables from authorities and other financial assets), financing activities including temporary investment in mutual fund and other financial instruments. The management of the group believes that the credit risk related to receivable from authorities are negligible as the same is receivable from the government authorities.

The subsidiaries and step down subsidiaries has significant credit exposure related to receivable from authorities which are as mentioned below:

1. National Highway Authority of India - Rs. 214902.40 lakhs (P.Y. : Rs. 367319.40 lakhs).
2. State Government Authorities - Rs. 4905.00 Lakhs (P.Y.: 5789.20 Lakhs).

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only in accordance with group policy. The Group monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the group adjusts its exposure to various counterparties. The Group's maximum exposure to credit risk from balance with bank and financial institutions as well as temporary investment in mutual fund as of March 31, 2023 is Rs. 5222.90 lakhs and March 31, 2022 is Rs.16745.40 lakhs.

**Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys cash management system. It maintains adequate sources of financing including debt at an optimised cost.

The Group regularly monitors the rolling forecast to ensure it has sufficient cash on an on-going basis to meet operational needs. Any Short term cash generated, over and above its working capital management and other operational requirement, is retained as cash and cash equivalents (to the extent required) and any excess is invested in short term mutual fund to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

<b>Particular</b>	<b>Total Amount</b>	<b>On Demand</b>	<b>upto 1 year</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>&gt; 5 years</b>
<b>As at March 31, 2023</b>						
Non-current borrowings#	2,11,694.19		33,015.60	42,590.49	49,555.30	86,532.80
Current borrowings	2,63,617.12	2,63,617.12				
Trade Payables	67,982.98		67,982.98			
Other financial liabilities *	1,45,178.23		1,41,032.00		4,146.23	
<b>Total</b>	<b>6,88,472.52</b>	<b>2,63,617.12</b>	<b>2,42,030.58</b>	<b>42,590.49</b>	<b>53,701.53</b>	<b>86,532.80</b>
<b>As at March 31, 2022</b>						
Non-current borrowings#	3,29,013.12		49,968.84	38,937.27	1,89,196.71	50,910.30
Loans Repayable on Demand	2,46,876.57	2,46,876.57				
Trade Payables	67,363.35		67,363.35			
Other financial liabilities *	1,42,253.55		1,42,134.71		118.84	-
Lease Liabilities	172.24		172.24			
<b>Total</b>	<b>7,85,678.83</b>	<b>2,46,876.57</b>	<b>2,59,639.14</b>	<b>38,937.27</b>	<b>1,89,315.55</b>	<b>50,910.30</b>

# Current maturities of Non-current borrowings is included and transaction cost paid to lender on upfront basis excluded from above Non Current borrowing .

\* Other financial liabilities includes liability on premium obligation which is considered above on undiscounted basis and Security Deposit and Retention Money is excluded from above other financial liabilities

**59 Capital Management**

For the purpose of the Group's capital management, Capital consist of share capital, Securities Premium, Other equity and all other reserves attributable to the equity holders of the Group.

The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares.

**Sadbhav Engineering Limited****Notes forming Part of the consolidated financial statements**

(Rs. in Lakhs)

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

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

62 Realisability of Non- Current Trade Receivables amounting to Rs. 2830.04 lakhs (Rs. 13236.35 lakhs) along with other incidental balances amounting to Rs. 8312.97 lakhs (Rs. 8312.97 lakhs) pertaining to completed projects as at balance sheet date in respect of which legal proceedings are in process. The management is hopeful that in view of the steps being taken for recovery, the dues will be realised and hence the same are considered as good and recoverable. Reference is invited to Note No. 9 and 16.

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

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

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

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

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

**65 Exceptional items include:**

Particulars	Year ended on	
	March 31, 2023	March 31, 2022
Loss/(Profit) on account of harmonious substitution of Concession of Sadbhav Jodhpur Ringroad Private Limited (SJRRPL) (Refer Note No. 65.4 (a) )	8,093.32	-
Loss account of sale of units of IndInfravit Trust held by Sadbhav Infrastructure Projects Limited (SIPL), a Subsidiary Company.	474.50	6,590.20
Provision for impairment of investment in shares of Sadbhav Jodhpur Ringroad Private Limited by SIPL (Refer Note No.65.4 (a))	1,165.00	-
Provision for impairment of investment in shares of Sadbhav Bangalore Highway Private Limited by SIPL. ( Refer Note No. 65.4 (b))	3,090.30	-
Loss on endorsement of concession on substitution of the Sadbhav Bangalore Highway Private Limited (SBGHPL) for the half year ended on September 30,2022. (Refer Note No.65.4 (b))	22,584.56	-
(Profit) on sale of shares of Sadbhav PIMA Private Limited (including reversal of provision for impairment of Rs. 5 lakhs) (Refer note 65.1 below)	(109.90)	-
(Profit)/Loss on account of the sale of assets.	(493.10)	1,067.33
Provision of impairment on investment in Sadbhav Bhavnagar Highway Limited (Refer Note 65.2)	978.80	-
Loss on account of impairment in carrying value of investment.	-	298.00
(Profit)/Loss on Sale of 49% stake in Maharashtra Boarder Checkpost Network Limited (Refer Note 65.3 below)	(372.10)	7,851.90
loss on account of provision made on loan given to the step down subsidiary.	1,471.76	-
Net difference on account of claim received by Ahmedabad Ring Road Infrastructure Ltd from AUDA	-	(242.00)
Write off of Input Tax Credit of Maharashtra Border Checkpost Network Limited	-	952.00
<b>Total Exceptional items - Loss</b>	<b>36883.14</b>	<b>16517.43</b>

65.1 The Sadbhav Infrastructure Project Limited (SIPL), a subsidiary has entered into Share Purchase and Subscription Agreement on November 1, 2022 whereby it has agreed to sell its entire shareholding in Sadbhav PIMA Private Limited (Subsidiary Company) to Ind Infravit Trust at an aggregate consideration of Rs.115.00 lakhs. During the quarter ended on December 31, 2022, the company has transferred shares in subsidiary company on December 12, 2022. The profit on transfer of these shares amounting to Rs. 109.90 lakhs is recognised as an exceptional item during the quarter and nine months period ended on December 31, 2022. Further provision for Impairment in shares amounting to Rs. 5.00 lakhs made in earlier period is reversed during the quarter ended on Septemeber 30, 2022.

65.2 During the year ended on March 31, 2023, the SIPL, subsidiary has entered into Memorandum of Understanding (MOU) with Kalthia Engineering and Construction Limited for stake sale of Sadbhav Bhavnagar Highway Limited (SBHL) and Sadbhav Una Highway Limited (SUHL) whereby it has agreed to sell its entire shareholding in SBHL and SUHL at an enterprise value of Rs. 75182.00 lakhs. The sale will be completed on fulfilment of conditions precedent as specified in the said MOUs after execution of Share Purchase agreement. Having regard to this transaction, SIPL has carried out impairment testing of investment in these step down subsidiary companies. Based on such assessment, the SIPL has made provision for Impairment in shares amounting to Rs. 978.80 lakhs in value of investments in said subsidiaries during the quarter and nine months period ended December 31, 2022.

**Sadbhav Engineering Limited****Notes forming Part of the consolidated financial statements**

(Rs. in Lakhs)

65.3 SIPL, a subsidiary and Adani Road Transport Limited (ARTL) executed Share Purchase Agreement (SPA) on August 16, 2021 (Amended and restated on January 27, 2022), for sale of its equity shares of Maharashtra Border Check Post Network Limited (MBCPNL) a wholly owned subsidiary of the SIPL, out of which 49% shares have been acquired by ARTL. During the year ended on March 31, 2022, the SIPL has received consideration of Rs. 35750 lakhs and it has recognised loss of Rs. 7851.90 lakhs in relation of transfer of 49% stake. Consequent to this agreement, the amount of 51% shares of MBCPNL has been classified as assets held for sale in accordance with IND AS-105 - 'Non Current Assets held for Sale and Discontinuing Operations'.

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

Pursuant to this, definitive agreement was entered into between the Company, SJRRPL, SIPL and Gawar Construction Limited (GCL) as on June 28, 2022 for substitution of the SJRRPL with the new SPV to be nominated by GCL and also endorsement agreement was executed between the SJRRPL and JRR Highways Private Limited (new concessionaire) dated July 13, 2022 with the approval of NHAI for implementation of the project by new concessionaire in substitution of the SJRRPL. In terms of these agreements the project and project assets as defined in the Concession Agreement along with the relevant rights and obligations of the SJRRPL are transferred to the new concessionaire. Consequently, all the balances outstanding in the books of the Group as at June 30, 2022 related to project of SJRRPL are adjusted against the consideration receivable from the GCL. The net difference is transferred to the Statement of Profit and Loss Account and amount of Rs. 8093.32 lakhs and Provision for impairment of investment in shares of Sadbhav Jodhpur Ringroad Highway Private Limited of Rs. 1165.00 lakhs by SIPL Lakhs is disclosed as Exceptional Item and amount of Rs. 5432.32 Lakhs is included in other expenses.

b. In case of one of the step down subsidiaries namely Sadbhav Bangalore Highway Private Limited (SBGHPL or concessionaire) which is engaged in construction, operation and maintenance of infrastructure project under concession agreement with National Highways Authorities of India (NHAI), the lenders of the step down subsidiary have notified to NHAI about exercise of their right of substitution of concessionaire i.e. SBGHPL in the month of January, 2022. Subsequently, the lenders have approved the anchor offer received from the Gawar Construction Limited in the month of October 2022 for the purpose of substitution of the SBGHPL, subject to execution of appropriate documentation for recording the terms and conditions relating to the proposed substitution of SBGHPL. In case of substitution of the concessionaire, the project of the company shall be transfer to nominated company selected by the lenders.

Consequently, all the balances outstanding, pertaining to SBGHPL in books of the Group have been adjusted and net debit amount of Rs. 22584.56. Lakhs and Provision for impairment of investment in shares of Sadbhav Bangalore Highway Private Limited of Rs. 3090.30 lakhs by SIPL has been transferred to statement of profit and loss and included in as Exceptional Item in financial results.

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

In this regard the management of RPTPL lodged total claims amounting to Rs. 395784.40 lakhs relating to termination payments, O&M cost due to force majeure, Covid claim & demonetization etc. In view of the above, RPTPL has given following accounting treatments in its financial statements for the quarter and year ended 31.03.2022:

- Impaired intangible assets related to Toll Collection Rights, amounting to Rs. 9097.80 lakhs and transferred balance amount from Intangible Assets to "Receivable from the NHAI" under the head Other Current Financial Assets. The management of RPTPL is of the view that amount recoverable from NHAI are fully recoverable.
- Written back the liability of premium obligation amounting to Rs. 3,6959.20 lakhs.
- Written back major maintenance provision amounting to Rs. 9294.30 lakhs.

During the quarter ended on March 31, 2023, RPTPL has reversed interest of Rs. 1,0269.40 lakhs provided during the earlier period considering the fact that the project of RPTPL has been terminated and lenders have classified loans as Non Performing Assets.

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

In this regard the management of RHTPL lodged total claims amounting to Rs. 149697.70 lakhs relating to termination payments, O&M cost due to force majeure, Covid claim & demonetization etc. In view of this RHTPL has given following accounting treatments in its financial statements for the quarter and year ended 31.03.2022:

- Transferred amount of Toll Collection Rights from Intangible Assets to Receivable from the NHAI under the head Other Current Financial Assets. Further, the management of RHTPL is of the view that amounts recoverable from NHAI are fully recoverable and hence no impairment loss is envisaged.
- Written back major maintenance provision amounting to Rs. 7861.80 lakhs.

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

68 Sadbhav Vidarbha Highway Limited (Concessionaire or SVHL), step down subsidiary of the group in which case lenders of SVHL has exercised right of substitution of concessionaire in the month of February, 2023. The proposed buyer, Gawar Construction Limited (GCL), has submitted Expression Of Interest (EOI) to the Lenders. However, the Concessionaire vide its letter dated May 5, 2023 had recommended National Highway Authority of India (NHAI), Harmonious substitution of concessionaire. The approval of NHAI is awaited. The SIPL and SVHL are in active discussion with GCL for executing endorsement agreement. Owing to the uncertainty of outcome of substitution proceeding note, no adjustment is made to the carrying value of assets and liabilities in the financial statements of SVHL and the financial statements of SVHL is prepared on going concern basis.

69 In case of Sadbhav Nainital Highway Limited (Concessionaire or SNHL), step down subsidiary where National Highway Authority of India (NHAI) vide its letter dated April 17, 2023 has given In-Principal approval for harmonious substitution of concessionaire. The SIPL and SNHL are in active discussion with Gawar Construction Limited for executing endorsement/settlement agreement. As per the Binding Term Sheet, the recoverability of the amount invested by SIPL as Equity and Sub-debt is substantially certain and hence as per management estimate, no provision is required to be made to the carrying value of assets and liabilities in the financial statements of SNHL and the financial statements of SNHL is prepared on going concern basis.



- 70** (a) Sadbhav Bangalore Highway Private Limited (SBGHPL), step down subsidiary in which Tax credit receivables are carried in the Balance sheet at Rs. 4267.40 lakhs under the Other Current assets. Presently, the SBGHPL does not carry out any business activity. However management of SBGHPL is evaluating various option for utilising above mention credit and is confident about the utilization of the credit. For which the statutory auditors have expressed qualified opinion on financial results in this regards.
- (b) Sadbhav Bangalore Highway Private Limited (SBHPL), step down subsidiary has GST Credit (ITC) Rs. 4267.40 lacs as on March 31, 2023 and also Carry forward losses under the income tax act of Rs. 12439.30 lacs as per Income Tax Return filed for the the year ended March 31, 2022. The Management of SBHPL is exploring various strategic option to utilise/ encash the said GST Credit and also carryforward Losses under the Income Tax Act, 1961. For this purpose it is considering the options of restructuring and / or taking up some business activities. In view of this, the accounts are prepared under going concern basis.
- 71** (a) Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), step down subsidiary in which Tax credit receivables are carried in the Balance sheet at Rs. 1554.50 lakhs under the Other Current assets. Presently, SJRRPL does not carry out any business activity. However management of SJRRPL is evaluating various option for utilising above mention credit and is confident about the utilization of the credit. For which the statutory auditors have expressed qualified opinion on financial results in this regards.
- (b) Sadbhav Jodhpur Ring Road Private Limited (SJRRPL), step down subsidiary has GST Credit (ITC) Rs. 1554.60 lacs as on March 31, 2023 and also Carry forward losses under the income tax act of Rs. 268.20 lacs as per Income Tax Return filed for the the year ended March 31, 2022. The Management of SJRRPL is exploring various strategic option to utilise/ encash the said GST Credit and also carryforward Losses under the Income Tax Act, 1961. For this purpose it is considering the options of restructuring and / or taking up some business activities. In view of this the accounts are prepared under going concern basis.
- 72** Maharashtra Border Check Post Network Limited ('MBCPNL') one of the step down subsidiary, has accepted and accounted certain project related cost variation towards increased cost of construction due to delay in execution of the Modernization and Computerisation of 22 Border Check Post Project including 2 additional check post ('BCP Project'). Such cost variations incurred due to various reasons not attributable to MBCPNL, in terms of service concession agreement, up to March 31, 2023 is Rs. 22288.40 lakhs (March 31, 2022 Rs. 22288.40 lakhs). The costs has been accounted as intangible asset/ intangible assets under development. Further, such cost variation is required to be approved by Government of Maharashtra (GoM) although the Independent Engineer of the Project, Technical Evaluation Committee duly appointed by Project Steering Committee of Maharashtra State Road Development Corporation Limited ('the Project Authority') which is monitoring the project progress and the lender's independent engineer have in-principle accepted and recommended MBCPNL's cost variation claim. Based on the recommendations at the project steering committee, GoM (Grantor) will conclude in regard to cost variation claim of the MBCPNL although MBCPNL is confident that the additional costs accounted in the books will be fully accepted by the GoM.
- 73** The Board of Directors in the meeting held on October 15, 2022 have resolved to withdraw Scheme of Amalgamation filed with Hon'ble National Company Law Tribunal Ahmedabad Bench (NCLT) with regard to amalgamation of Sadbhav Infrastructure Project Limited (Transferor Company) with Sadbhav Engineering Limited (Transferee Company) under sections 230 to 232 of the Companies Act, 2013. Consequently, on application made by the Company, the NCLT vide its order dated October 19, 2022 has allowed the withdrawal of the said application. Accordingly, the Scheme of merger stands cancelled.
- 74** There is delay in physical progress of work as at March 31, 2023 in respect of projects being executed by Sadbhav Kim Expressway Private Limited (SKEPL), and Sadbhav Rudrapur Highway Private Limited (SRHPL) step down subsidiaries of the company on account of delay in handing of over land from authority, occurrence of Force Majeure event of pandemic of COVID-19 and various other reasons beyond the control of the said step down subsidiary. Further the Company, SKEPL and SRHPL could not execute the project due to resource constrain. The company is exploring various option for completion of the project. Further respective subsidiary have sought for extension of Concession Period including Construction period and is confident that necessary approvals relating to extension of Concession Period including Construction period will be received.
- 75** The Group finds difficulty in meeting obligation of payment to suppliers and statutory dues in normal course of business. There are defaults in repayment of dues to lenders. This is mainly an account of delay in execution of projects and resources constraint. During the year ended March 31, 2023, the consortium lenders of the Parent Company except one lender of the company have signed an Inter Creditor Agreement on December 26, 2022 due to defaults in the repayment of dues. The account of Company has been classified as Non Performing Assets. The Management is in the process of monetizing the existing -6- HAM Projects of group out of which binding term sheet has been signed with the buyer for -2- HAM projects and other -4- HAM Projects are expected to be monetized soon. Further, due to delay in completion of EPC works under execution on account of shortage of working capital, the Company has proactively taken decision to rearrange the EPC contract work. These factors raise concern about going concern assumptions adopted in the preparation of financial statements for the year ended March 31, 2023. Based on this, the Company has submitted the Resolution Plan to the Consortium of lenders which is under active discussion with the lenders. The ingredients of Resolution Plan covers proceeds from monetization of HAM Assets & other Assets, infusion of funds from the promoters, receipt of claim amount / other receivables and refinance / stake sale of operational projects as well as of restructuring of dues of lenders. These activities will bring reduction of overall liabilities including reduction of debt and will also bring additional liquidity in the company to ramp up its execution. Considering the above aspect in anticipation of approval from lenders of Resolution Plan, its implementation and infusion of funds from promoters of the Company, the management believes that Company will be able to generate an incremental operational cash flows.
- 76** The Subsidiaries and Step down Subsidiaries has taken office space on operating lease on short term basis. There are no sub-leases and the leases which are cancellable in nature at any point of time by either of parties. There are no restrictions imposed under the lease arrangements. There are neither any contingent rent nor any escalation clause in the lease arrangements. The Subsidiaries and Step down Subsidiaries has applied the 'short-term lease' recognition exemptions for above lease. During the year, the Subsidiaries and Step down Subsidiaries has incurred expense relating to short-term leases (included in other expenses) Rs. 140.20 lakhs (March 31, 2022: Rs. 26.10 lakhs) toward above lease premises.
- 77** All amounts in the financial statements are presented in Rupees Lakhs except per share data and as otherwise stated.
- 78** Previous year figures have been regrouped/rearranged wherever necessary, to facilitate comparability with current year's classification.

**For and on behalf of Board,****Shashin V. Patel****Chairman and Managing Director****DIN : 00048328**

As per our Audit Report of even date

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

Firm Regn. No. :: 106041W/W100136

**K. C. Patel****Partner****Membership No. :: 030083**

Place: Ahmedabad

Date : May 28, 2023

**Dwighesh Joshi****Executive Director &  
Chief Financial Officer****DIN : 09733282****Hardik Modi****Company Secretary****Membership No. F9193**

(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	(Rs. in Lakhs)																				
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	TOTAL		
	Sadbhav Infrastructure Project Ltd.	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23		
		INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR		
	Reporting period	35222.52	3247.50	1,046.00	5.00	1,076.80	218.60	100.00	100.00	1,966.00	1,495.00	3,090.30	2,579.86	2,696.60	1,165.00	10,115.70	5.00	5.00	5.00	5.00	5.00	5.00
	Share Capital	92194.80	9316.50	17,191.00	-15,361.60	-29,658.30	-44,040.90	11,333.10	5,487.90	5,576.40	5,487.90	1,542.60	10,252.00	13,453.60	398.00	16,021.80	-1.60	-21.50	-1,799.10	-1,799.10	-1,799.10	-1,799.10
	Reserves & Surplus	230928.50	28980.20	27,963.80	1,40,949.70	94,227.80	1,34,165.70	44,904.50	39,434.30	45,414.50	35,248.40	4,974.10	74,307.00	61,202.10	1,612.20	41,299.00	13.60	870.90	3,558.20	3,558.20	3,558.20	3,558.20
	Total Assets	103511.20	16416.20	9,726.90	1,56,306.30	1,22,809.31	1,77,988.00	33,452.00	28,001.20	37,872.10	28,265.50	341.20	61,475.10	45,051.90	49.20	15,161.50	10.20	887.50	5,352.30	5,352.30	5,352.30	5,352.30
	Total Liabilities (excluding Share Capital and Reserves & Surplus)	170139.30	0.00	21.50	0.00	12.40	10.30	0.00	0.00	0.00	0.00	10.80	0.00	0.00	0.00	10.30	0.00	0.00	3,500.00	3,500.00	3,500.00	3,500.00
	Investments	8941.40	24646.80	18,769.30	30,352.50	-	0.00	1,939.00	2,465.70	2,236.10	3,632.00	-	2,734.10	3,747.90	0.00	8,984.50	-	0.00	0.00	0.00	0.00	0.00
	Turnover	-39700.60	1606.90	9,055.40	2,550.50	-31.40	-3,034.20	-296.00	1,502.90	250.50	-1,793.30	-202.20	-2,571.00	-339.60	-40.00	2,183.40	-0.40	-1.00	-505.80	-505.80	-505.80	-505.80
	Profit/(Loss) Before Taxation	-31735.30	0.00	-	0.00	0.00	0.00	0.00	0.00	3477.50	0.00	-811.70	0.00	0.00	-1,304.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Exceptional Items	-3945.90	406.00	968.80	0.00	0.00	0.00	252.40	729.90	96.20	211.40	-658.60	-269.90	-223.90	-448.10	-614.60	-0.40	0.00	0.00	0.00	0.00	0.00
	Provision for Taxation	35754.80	1200.90	8,086.70	2,084.10	-31.40	-3,034.20	-548.40	773.00	-3,323.10	-2,004.70	-355.30	-2,301.10	-563.50	-896.00	1,568.80	-0.80	-1.00	-505.80	-505.80	-505.80	-505.80
	Profit/(Loss) After Taxation	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	0.00	0.00	0.00
	Proposed Dividend	69.76%	74.00%	100.00%	51.00%	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%
	% of Shareholding**																					

\* 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.

Figures in bracket show negative figures.

**Notes:**

**1. Name of Subsidiaries which are yet to commence operations**

NIL

**For and on behalf of Board of Directors**

**Shashin V. Patel**  
Chairman & Managing Director  
DIN: 00048328

**Dwighesh Joshi**  
Executive Director & Chief Financial Officer  
DIN: 09733282

**Hardik Modi**  
Company Secretary

Date: May 28, 2023  
Place: Ahmedabad

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	SEL-GKC JV Radhanpur - Manpura Project	SEL-GKC JV Vishakhapatnam Project	SEL-GKC JV Omkreshwar Project-1	SEL-GKC JV Karimnagar Project	SEL-GKC JV Omkreshwar Project-2	SEL-GKC JV Managuru Project	SEL-GKC JV Govindpur Project	SEL-Annapurna IV Basantimata Project	SEL-Vishnushiva Maheshpur Project	SEL-Vishnushiva Jalpa / Kapardi Project	SEL-Vaishnoli JV - Halon Project	Corsan Corviam Const S.A.-SEL JV DMRC-CC43 Project	Corsan Corviam Const S.A.-SEL JV DMRC-CC47 Project	SEL-PIPL JV	SEL-SPSCPL JV
1	Latest audited Balance Sheet Date	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22	2022-22
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	NIL
	Amount of Investment In Associates/Joint Ventures (Rs. In Lakhs)															
	Extend of Holding %															
3	Description of how there is significant influence	52.00	50.00	60.00	52.00	40.00	51.00	50.00	80.00	75.00	98.00	72.00	40.00	40.00	51.00	74.00
4	Reason why the associate/joint venture is not consolidated	*Note	*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	NIL
6	Profit / (Loss) for the year (Rs. In Lakhs)															
	i. Considered in Consolidated (Rs. In Lakhs)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	ii. Not Considered in Consolidated (Rs. In Lakhs)	NIL	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**  
 Chairman & Managing Director  
 DIN: 00048328

**Dwighesh Joshi**  
 Executive Director & Chief Financial Officer  
 DIN: 09733282

**Hardik Modi**  
 Company Secretary

Date: May 28, 2023  
 Place: Ahmedabad



#### **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  
www.sadbhaveng.com

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