



21st
Annual Report
2009-2010

LEADING THE WAY

Performance. Professionalism. Progress.....



SADBHAV ENGINEERING LIMITED



Channelizing growth

**of diverse business ventures
for a successful future**

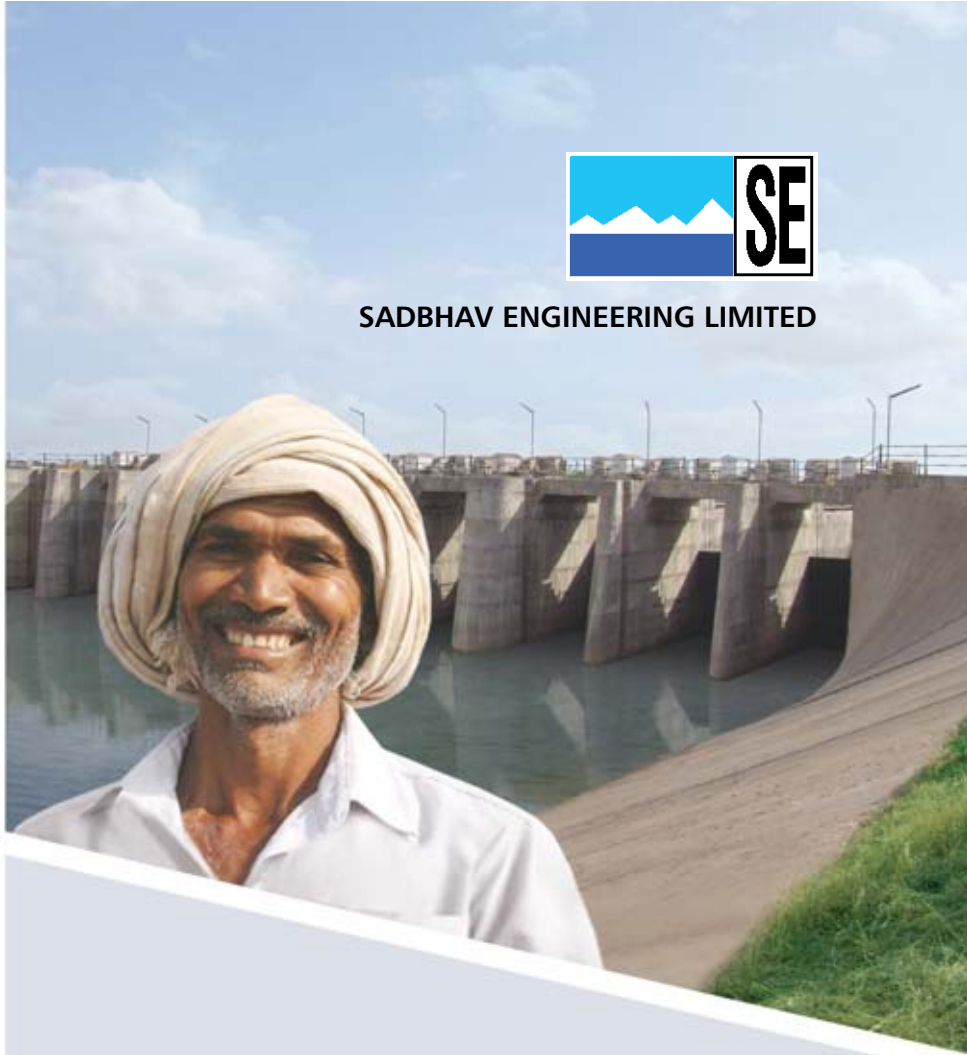
SADBHAV

has built its success on a firm foundation of a value system that sustains integrity, trust and respect. These timeless principles have honed the Company's core competence of Constructing Infrastructure through Roads, Mining and Irrigation Projects.

*Performing & Progressing through
Professionalism*



SADBHAV ENGINEERING LIMITED



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Corporate Information

BOARD OF DIRECTORS

Shri Vishnubhai M. Patel
Chairman & Managing Director

Shri Shashin V. Patel
Joint Managing Director

Shri Girish N. Patel
Executive Director

Shri Nitin R. Patel
Executive Director

Shri Pravinkumar M. Ganatra
Independent Director

Shri Amarsinh Vaghela
Independent Director

Shri Sandip V. Patel
Independent Director

Shri Atul N. Ruparel
Independent Director

BOARD COMMITTEES

Audit Committee

Shri Sandip V. Patel
Chairman

Shri Pravinkumar M. Ganatra
Member

Shri Amarsinh Vaghela
Member

Remuneration Committee

Shri Atul N. Ruparel
Chairman

Shri Pravinkumar M. Ganatra
Member

Shri Sandip V. Patel
Member

Shareholders/Investor Grievance Committee

Shri Amarsinh Vaghela
Chairman

Shri Sandip V. Patel
Member

Shri Girish N. Patel
Member

Finance Committee

Shri Vishnubhai M. Patel
Chairman

Shri Shashin V. Patel
Member

Shri Nitin R. Patel
Member

Shri Amarsinh J. Vaghela
Member

BANKERS

Oriental Bank of Commerce
The Karur Vysya Bank Limited
Indian Overseas Bank
ICICI Bank Limited
Industrial Development Bank of
India Ltd.
Yes Bank Ltd.
Standard Chartered Bank
Punjab National Bank

COMPANY SECRETARY

Shri Vijay Kalyani

STATUTORY AUDITORS

Shashikant Patel Associates

WORKSHOP

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

REGISTERED OFFICE

Sadbhav House,
Opp. Law Garden Police Chowki
Ellisbridge, Ahmedabad - 380 006.
Website : www.sadbhaveng.com

REGISTRAR & TRANSFER AGENTS

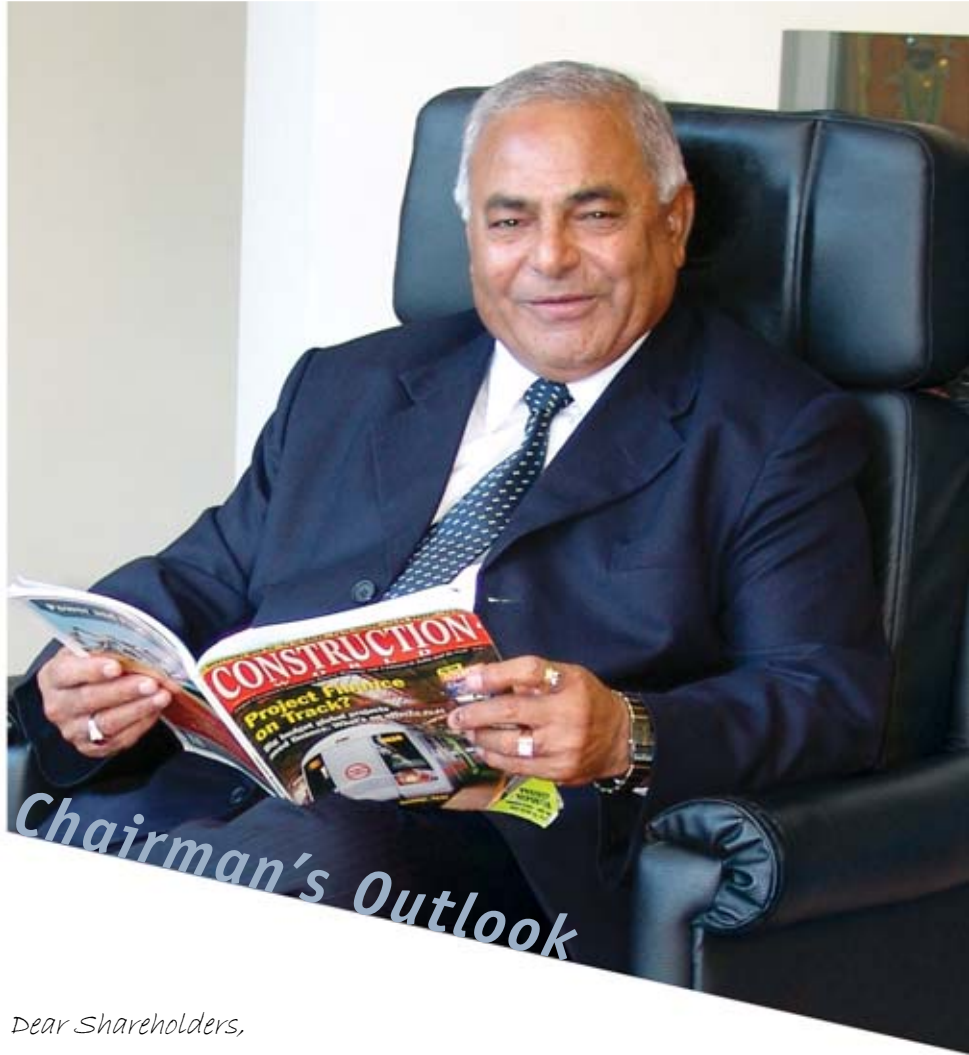
Link Intime India Pvt. Ltd.
(formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078.





Our Commitment

We are very proud of our performance as a principled company that values its relationships with all its stakeholders.



Performance

Dear Shareholders,

Without doubt this has been a truly demanding year for many companies, and Sadbhav Engineering was no exception. Many factors affected us also but, we recalled what Winston Churchill once said, "The pessimist sees the difficulty in every opportunity. The optimist sees the opportunity in every difficulty". Adhering to these words of wisdom, our team worked harder to meet client needs and improve internal processes in a more cost-effective manner. It fills my heart with pride of how our people responded to the need with dedication and positive attitudes turning 2009-2010 into another successful year.

Despite the Global Financial crisis, India's economic growth is steadily gaining momentum. As India's economy grows over the next 10 to 15 years, the nation will have to invest more and more for the development of its infrastructure. When it comes to investment, infrastructure sector companies are among the forefront sector. This is mainly due to the fact that there are huge opportunities in this sector which can be capitalized over the next several years. Infrastructural segments like roads, bridges, mining, ports, power, railways, airports, urban infrastructure, water, irrigation or gas transport, all are in need of higher investments. The government has also increased the allocation for infrastructure development in the Union Budget 2010-11.



India's spending on infrastructure has been in the region of about 3% to 4% of the GDP, which the government now plans to take to 9% by the year 2012. This is possible as the government is hoping to spend about \$500 billion on this sector in the Eleventh Five Year Plan as compared to \$220 billion in the Tenth Five Year Plan. This is a quantum leap compared to the past several years.

The year gone by

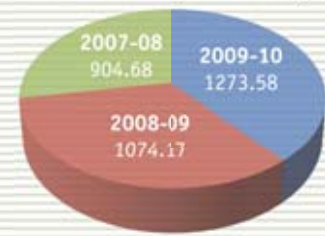
Sadbhav has matched its footsteps with the country on its journey to Growth year after year. The Company's Profit for the year before Depreciation, Interest, and Taxation was ₹ 137.65 crores as against ₹ 108.31 crores of the previous year. This is an increase of 27%. Our year's Order Book position stood at a good ₹ 6,768.7 crores.

The past year of 2009-10, has witnessed our Roads and Highways sector gross around 78% of the Company's total revenue, there by catapulting our bidding capacity to more than ₹ 1,800 crores for NHAI projects.

Out of a total 600.715 km. of Sadbhav's BOT (Build, Operate & Toll) Projects, 264.285 km has been executed and is in the Toll and Operational phase. The total Asset value of all the nine BOT Projects is ₹ 7,818 crores in which Sadbhav's average ownership is 67.42%.

This year our mining sector also enhanced its performance. Our projects under execution amounted to ₹ 964.28 crores. The job ranged from excavation of over burden to removal of lignite and coal. In the year gone by the mining sector has contributed to a good 16% of the Company's revenue. With 8.13 crores cubic meters of mining (removal of over burden) executed and with 19.75 crores cubic meters still under execution, our mining sector is growing steadily and firmly.

Total Income (Rs. in Crores)



Earning Per Share (Rs.)



EBDIT (Rs. in Crores)





A Company striving towards sustainable development through social responsibility, environmental protection and economic progress.

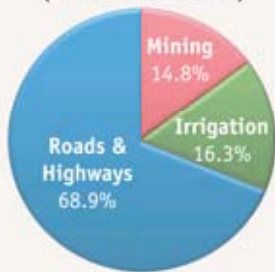


Total Order Book

As on May 2010
(Rs. 6,516.05 Crores)



As on June 2009
(Rs. 4,338.90 Crores)



As on May 2008
(Rs. 2,764.50 Crores)



Guided by our value of Respecting Quality & Time, during the recent financial year, Sadbhav has also successfully constructed 69.974 km of the NMC (Package-1). We have also completed canal earthwork, structures, lining and service road to Kachchh Branch Canal of up to 20.01 km.

With ongoing projects worth approximately, ₹ 4,960.82 crores in Road Building sector; ₹ 590.95 crores in Irrigation sector; ₹ 964.28 crores in Mining Sector;

Sadbhav looks forward to an eventful and profitable future.

Thank you

A company is only a dream without people to make it a reality, and for realizing our dream so successfully in 2009-2010, we would like to thank all our stakeholders and well-wishers for their undeterred faith in us. The future will bring new challenges, but our commitment to give the best will facilitate Sadbhav and our stakeholders succeed from a strong and profitable base.

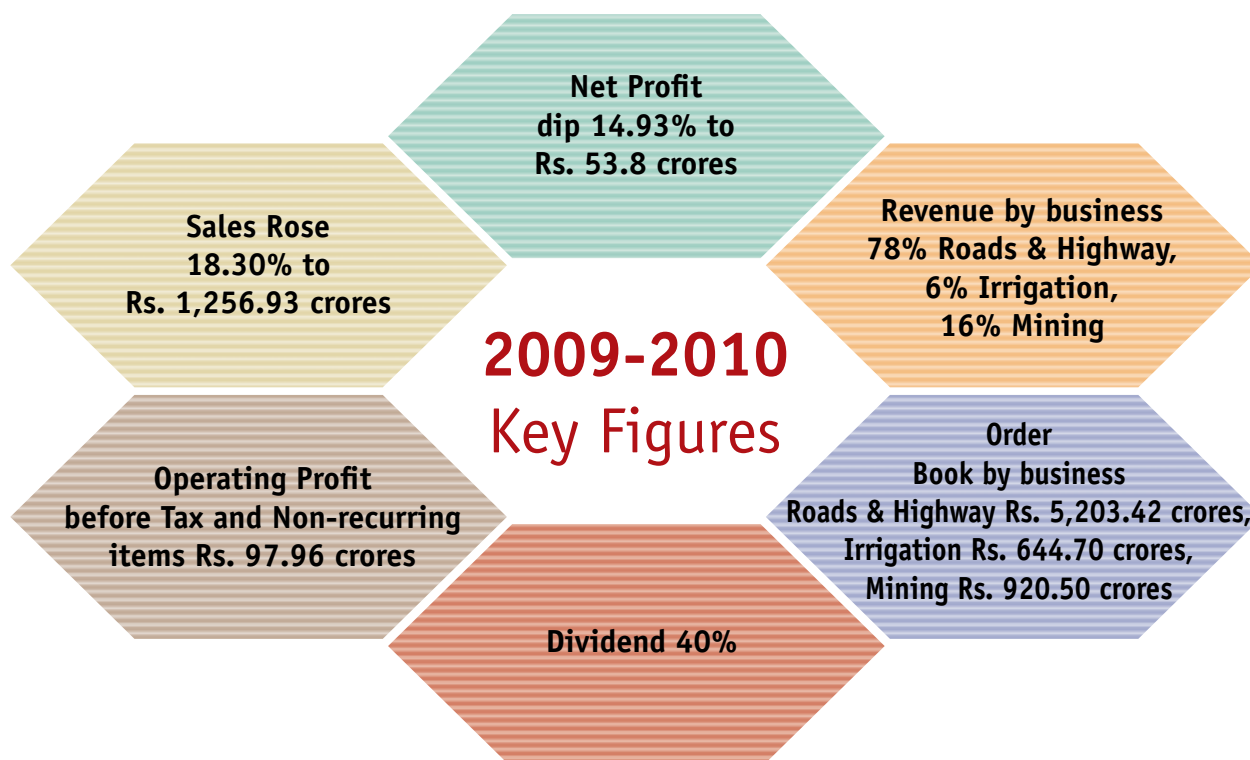
Sincerely,

Vishnubhai Patel



(Rs. in Lacs)

Financial Highlights	2009-10	2008-09	2007-08	2006-07	2005-06
Turnover	125692.62	106248.06	89482.85	48322.38	28363.71
Total Income	127357.59	107417.19	90468.39	48464.27	28431.16
Earning Before Depreciation, Interest and Tax (EBDIT)	13765.18	10830.93	10232.65	5905.33	3500.50
Depreciation	2325.21	1568.08	1388.61	1490.63	1386.73
Interest	3308.62	2138.55	1573.07	694.67	905.77
Profit After Tax	5384.23	6329.44	5236.90	2638.59	1384.98
Equity Dividend %	40%	40%	40%	35%	20%
Dividend Payout	583.04	584.98	584.98	511.85	248.57
Equity Share Capital	1250.00	1250.00	1250.00	1090.00	1090.00
Warrant Application Money	0.00	0.00	345.00	0.00	0.00
Reserve & Surplus	37901.30	33015.22	26839.70	13316.69	11103.89
Net Worth	39151.30	34265.22	28434.70	14406.69	12193.89
Gross Fixed Assets	33220.98	26064.84	24139.69	20204.68	17992.51
Net Fixed Assets	21009.11	15454.54	14302.06	11194.74	10384.28
Total Assets	136339.58	83138.66	69711.29	50270.79	36001.08
Total Debt (Loan Fund)	42422.88	21111.22	15031.54	7299.2	5219.37
Earning Per Share Rs.	43.07	50.64	43.43	24.21	16.68
Book Value Per Share Rs.	313.21	274.12	227.48	132.17	111.87
Weighted No. of Shares	12500000	12500000	12058470	10900000	10900000





Sadbhav Milestones



- Obtained approval for rights issue from SEBI for Rs. 125 crores
- Crossed market capitalisation of Rs. 2,000 crores
- Awarded three BOT Road Projects :
 - Rohtak-Panipat Road Project
 - Bijapur-Hungund Road Project,
 - Hyderabad-Yadgiri Road Project

- Crossed a standalone turnover of Rs. 1,000 crores
- Awarded first of its kind Border Check Post BOT Project (MBCPNL)
- Awarded MP-Dhule BOT Project (DPTL)

- Reported a market capitalisation of over Rs. 1,600 crores
- Achieved the commercial operation date of the first BOT job of Ahmedabad Ring Road ahead of schedule

- Raised Rs. 92 crores through QIP issue
- Awarded the Nagpur-Seoni Expressway BOT Road project

- Raised Rs. 53.65 crores through an IPO
- The Company was listed on the BSE and NSE on 1st March, 2006
- Awarded 3 BOT Road projects viz. Mumbai-Nasik Expressway, Aurangabad-Jalna Tollway and Ahmedabad Ring Road

- Received ISO-9001-2000 Certification
- Awarded the Certificate of Excellence in productivity, quality, innovation and management by the Institute of Economic Studies, New Delhi

- Completed the construction of its first ever canal siphon across river Vatrak

- Awarded its first direct road project by NHAI

- Awarded four work orders, of an approximate value of Rs. 151 crores from SSNNL for the construction of canals

- Acquired its first road project from the private sector, Reliance Industries Limited (RIL), The work involved construction of roads in RIL's township and refinery site at Moti Khavdi, Jamnagar

- Received first mining excavation work order from Gujarat Industries Power Company Limited. Baroda to the tune of Rs. 8.84 crores

- Nominated as a sub-contractor for Larsen & Toubro Limited for its first road project and was involved in the strengthening and widening of Sambalpur-Rourkela road to the tune of Rs. 32.78 crores

- Awarded its first canal project by Sardar Sarovar Narmada Nigam Limited (SSNNL) worth Rs. 55 crores

- Incorporated by taking over M/s. Bhavna Construction Co., a firm engaged in the construction business since 1968



Professionalism

Positive Investment in People and Environment

Our success has increased along with our associate strength and we expect to continue with this high level of growth.

Our people are our key strength and we have created systems that allow us to attract, train and retain the best talent. We strive to stay ahead of the curve by establishing state-of-the-art work stations.

Our sincerely dedicated people are our most vital asset. Our teams consist of professionals with diverse capabilities and profile that vary from domain experts to technologists and solution architects. They are united by their integrity and commitment to our clients. Our people have often been appreciated for going that extra mile.

We strive to maintain a professional, value-driven, work environment where every employee feels satisfied and appreciated. Our positive approach to competency development and retention allows us to attract, retain and build the best team.



Sadbhav, a Company managed by professionalism and guided by a strong family spirit.



Positive Values

We are committed to doing business in a way that lives up to our company values.

We mine deep trust in the hearts of our customers with superior quality, value and service. We build a loyal professional relationship with our investors by providing attractive returns through sustained quality growth. We aim to irrigate a positive work environment which makes all our employees proud to be a part of. We respect our social and physical environment.





Our Mission to Build Roads reaching Dreams

Backed by a strong team of experienced professionals, Sadbhav has always felt confident about delivering the best for the nation. We have been successful in executing several projects for National Highway Authority of India (NHAI) and various state Governments. Our association with industry stalwarts like, L&T, HCC, Punj Lloyd & Gammon have been a matter of pride for us.

Our work field mainly covers constructing, widening & strengthening of roads & highways. The past year of 2009-10, has witnessed this sector gross around 78% of the Company's revenue, there by catapulting our bidding capacity to more than Rs. 1,100 crores for NHAI projects.

A 100% subsidiary of Sadbhav Engineering Limited, Sadbhav Infrastructure Projects Limited (SIPL), was floated to concentrate exclusively on development operation and maintenance of infrastructure projects. Sadbhav on behalf of SIPL has participated aggressively in the BOT opportunity, in the road sector, by understanding it and equipping itself with relevant capacity to execute it on time. Out of a total 600.715 km of Sadbhav's BOT (Build, Operate & Toll) projects, 264.285 km. has been executed and is in the Toll and Operational phase, while the balance 336.430 km. of the same is under execution We have also successfully executed Road projects to the length of 1612.000 km. The projects marked our footsteps in various states like Chhattisgarh, Rajasthan, Gujarat, Orissa and Maharashtra. With ongoing projects in Madhya Pradesh, Andhra Pradesh, Jharkhand, Haryana and Karnataka, Sadbhav sets its eyes on setting more footprints across the country.





Our Trinity of Success

*Steering Progress on
the nation's Road to a
radiant future.*



At Sadbhav, we opt to adopt an integrated approach of developing & constructing road projects and believe in minimal sub-contracting.

We have participated in equity and have executed a significant portion of the EPC (engineering, procurement and construction) contracts. With a total work order amounting to Rs. 4960.82 crores, Sadbhav looks forward to a fruitful year ahead.

SADBHAV marches with the country on its journey of progress, by providing Infrastructural support to accelerate growth



Progress.....



Our Mission to Mine Future

Sadbhav took its first steps into mining with excavation operations for companies such as Gujarat Heavy Chemicals Ltd., Gujarat Mineral Development Corporation, Gujarat Industries Power Company Ltd., Northern Coalfields Ltd. and Western Coalfields Ltd.

The company's bid submitted mainly to the Coal India & its subsidiaries is well worth Rs. 2,200 crores.

Our current projects under execution amount to Rs. 964.28 crores, for reputed clients like GHCL-Khadsaliya, NCL-Bina-Uttar Pradesh, Nijay-Wani-Nagpur, Mangrol-Surat, OCM-Wani-Nagpur, Lakhanpur-Orissa, and NCL-Khadia-Uttar Pradesh. The job ranges from excavation of over burden to removal of lignite and coal. This year the mining sector contributed to 16% of the company's revenue.

With a winning amalgamation of highly skilled workers, engineers and equipment, Sadbhav, is marching successfully into the core of earth for mining.

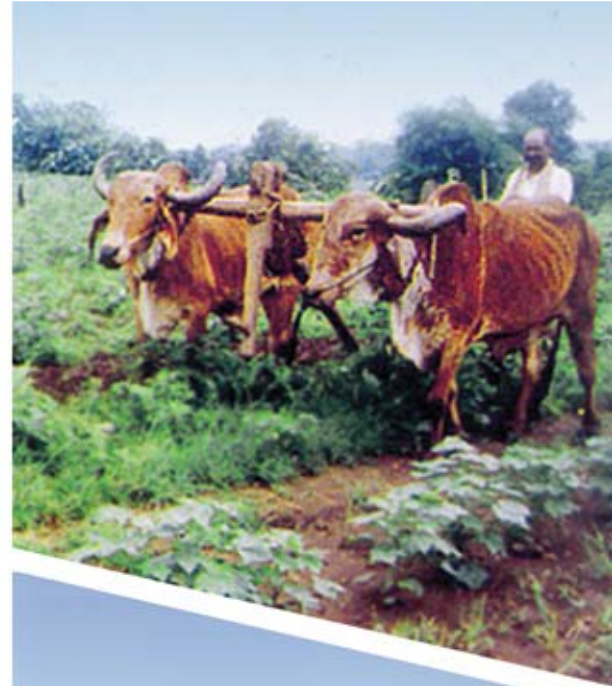
Progress.....



Our Trinity of Success

*Sustaining Progress
as we Mine the earth for
the nation's values.*





Progress.....

Our Mission to Power Growth

Our experience and execution capabilities were instrumental in making Sadbhav the prime executor of Narmada Main Canal (NMC), which is one of the world's largest concrete lined canals, with a massive capacity of 40,000 cusecs, by playing a pivotal role in various phases of its execution.

Our accomplishment lies in successfully executing canal syphons across rivers, namely Watrak, Pushpavati, Khari and Banas. Our enormously multifaceted team of experts and workers has successfully executed a 13.87 km concrete lining project on the Kakrapar left bank, in a record 75 days, a feat which definitely demands applause. During the recent financial year, Sadbhav has successfully constructed 69.974 km of the NMC (Package-1). We have also completed canal earthwork, structures, lining and service road to Kachchh Branch Canal of up to 20.01 km.

Sadbhav's journey to power growth through Irrigation is marked with high points of projects like Construction of earthen dams, canal syphons, remodeling and improvement of canals, effectively completed on time. 6% of Sadbhav's revenue is attributed to Irrigation.

Sadbhav's bidding capacity for the Sardar Sarovar Narmada Nigam Ltd. is more than Rs. 4,600 crores. In the present scenario, with 12 projects, with a work order worth the value of Rs. 590.95 crores, still under implementation, Sadbhav is surely looking towards a radiant future in Irrigation.





*Our Trinity
of Success*

*Nurturing Progress
by Irrigating the
nation's dreams.*



Our Horizon

As the Indian economy grows over the next 10 to 15 years, the nation will have to invest more and more for the development of its infrastructure as well as other supporting industries. Sadbhav looks forward to harnessing the opportunity as the Government focuses on the Infrastructure sector, especially Roads, Power, Ports, Rural and Urban Infrastructure by allocating the sector 46% of the total plan allocation. With projects spread all across India we aim to provide infrastructural support to the Country and become a major player in the Roads and BOT sector.

Going by the growth in the Power sector and considering the MOUs being signed for power by the state and central Govt., Sadbhav predicts a requirement of approximately 120 mn tones of coal by Power Industry alone. To achieve this quota around five times of the overburden removal would be required. Keeping this growth in sight Sadbhav's mining industry too is marching firmly upwards.

Currently, 60% of India's work force is employed in agriculture. The key therefore is to raise agricultural productivity with technology inputs. Public investment in agriculture needs to be increased to enhance productivity. Our experience, expertise and strong execution capabilities, in the Construction of earthen dams, canal syphons, remodeling and improvement of canals, and a proven track record in this sphere, allows us to utilize this opportunity to its fullest.

With 9 BOT projects, 14 Roads and Highway projects, 12 Irrigation projects and 8 mining projects spread across India we aim to provide infrastructural support to the Country.

We believe this is just the beginning. With instincts to guide us and legends to inspire us, Sadbhav is confident of realizing its dream of being the largest name in Infrastructure Development in India.



Sadbhav marches along with the country towards a glowing horizon

Notice

NOTICE is hereby given that the Twenty-first Annual General Meeting of the shareholders of Sadbhav Engineering Limited will be held on Wednesday, September 08, 2010 at Lions Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380006 at 11.00 A.M. to transact the following business –

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2010 and the Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri. Nitin R. Patel who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Amarsinh J. Vaghela who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS

6. Increase in Borrowing Limits.

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

“RESOLVED THAT the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any committee which the Board may constitute for this purpose), be and is hereby authorized, in accordance with Section 293 (1) (d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the company, from any one or more Banks, Financial institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may, at any time, exceed up to a sum of Rs 1,500 Crore (Rupees one thousand five hundred crore) over and above the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think it.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution”.

Place : Ahmedabad,
Date : July 19, 2010

By Order of the Board of Directors
For Sadbhav Engineering Limited

Registered Office :
“Sadbhav House”,
Opp. Law Garden Police Chowki,
Ellisbridge, Ahmedabad-380 006.

Vijay Kalyani
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY’S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC. MUST BE SUPPORTED BY APPROPRIATE RESOLUTION / AUTHORITY, AS APPLICABLE, ISSUED ON BEHALF OF THE NOMINATING ORGANISATION.
2. The explanatory statement pursuant to Section 173(2) of Companies Act, 1956 relating to special business is annexed.
3. The information required under clause 49 of the Listing Agreement on Directors reappointment/ appointment are given below and form part of the Notice.

4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. The Register of Members and Share Transfer Books will be closed from Monday, August 23, 2010 to Friday, August 27, 2010, both days inclusive, for ascertaining the Shareholders entitled to receive dividend, if approved at the meeting.
6. Members can avail the nomination facility by filing Form 2-B, as prescribed under the Companies (Central Government) General Rules & Forms, 1956 with the Company. Blank forms will be supplied on request.

Details of Directors Seeking Appointment at the Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Director	Shri Nitin R. Patel	Shri Amarsinh Vaghela
Date of Birth	August 4, 1968	April 5, 1946
Date of Appointment	August 1, 1999	July 5, 2005
Functional Expertise	Finance and Accounts, Audit, Taxation, Project Bidding and Execution, Cost Analysis.	Construction of Dam and Canal works
Qualifications	B. Com. A.C.A	B.E. (Civil)
Directorship in other companies	1. Ahmedabad Ring Road Infrastructure Limited 2. Aurangabad-Jalna Tollway Limited 3. Nagpur-Seoni Expressway Limited 4. Dinbandhu Steel & Power Limited 5. Maharashtra Border Check Post Network Limited 6. Sadbhav Quarry Works Private Limited 7. Rohtak-Panipat Tollway Private Limited 8. Hyderabad-Yadgiri Tollway Private Limited 9. Bijapur-Hungund Tollway Private Limited	Nil
Chairman/ Member of Committee in other companies	1. Ahmedabad Ring Road Infrastructure Limited 2. Nagpur-Seoni Expressway Limited	Nil
No. of Equity Shares held in the company	1000	Nil

Explanatory Statement Pursuant to Section 173(2) of Companies Act, 1956

Item No. 6

In terms of the provisions of section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

At the Annual General Meeting held on September 27, 2008, the company has accorded its consent under section 293(1) (d) of Companies Act, 1956, to the directors for borrowing money up to limit of Rs. 1000.00 crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business). The present borrowing of the company is well within the limit. However keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits up to Rs. 1500.00 crores over and above the aggregate of the paid up capital of Company and its free-reserve.

The Board of Directors accordingly recommend the resolution set out at item No 6 of the accompanying Notice for the approval of the Members.

None of the Directors of the company is in any way, concerned or interested in the said resolution.

Place : Ahmedabad,
Date : July 19, 2010

By Order of the Board of Directors
For Sadbhav Engineering Limited

Registered Office :
"Sadbhav House",
Opp. Law Garden Police Chowki,
Ellisbridge, Ahmedabad-380 006.

Vijay Kalyani
Company Secretary

Directors' Report

To
The Members,

The Directors have the pleasure in presenting the Twenty First Annual Report together with the audited statement of accounts for the year ended March 31, 2010.

Financial Results

(Rs. in crores)

	Current Year 2009-2010	Previous Year 2008-2009
Income from Operations	1256.93	1062.48
Profit before Interest, Depreciation & Tax	154.31	120.00
Less : Interest & Finance Charges	33.09	21.39
Depreciation	23.25	15.68
Profit before Tax	97.97	82.93
Less : Provision for tax	29.70	17.81
Provision for deferred tax liability/(asset)	3.08	1.29
Fringe Benefit Tax	0	0.14
Profit after Tax	65.19	63.69
Less : Short (Excess) provision for taxation of earlier years	11.35	0.40
Net profit for the year	53.84	63.29
Balance brought forward from last year	137.05	86.25
Amount available for Appropriations	190.89	149.54
Appropriations		
Transfer to General Reserve	6.50	6.50
Transfer to Debenture Redemption Reserve	6.00	0.14
Proposed Dividend	5.00	5.00
Tax on Proposed Dividend	0.83	0.85
Balance carried to Balance Sheet	172.56	137.05

Dividend

The Directors are pleased to recommend for approval of the shareholders dividend of 40% (Rs. 4 per equity share of Rs. 10 each) for the financial year ended March 31, 2010. The final dividend, if approved, will absorb a sum of Rs. 5.00 crores and dividend tax of Rs. 0.83 crores.

Business Overview

The total income from operations during the year under review was Rs. 1256.93 crores against Rs. 1062.48 crores for the previous year recording the growth of 18.30%. Operating profit (PBDIT) for the current year is Rs. 154.31 crores (Rs. 120.00 crores in previous year) thereby recording the growth of 28.58 %. However the net profit after tax is amounted to Rs. 53.84 crores (Rs. 63.29 crores in previous year) thereby recording a reduction of 14.93 % mainly on account of amendment made in explanation of section 80(IA) of Income Tax Act, 1961 by Finance Act, 2009 which required additional provision of Rs. 11.35 crores.

Operations

Ongoing Works

The following major works are under execution and the same are progressing satisfactorily. (Rs. in crores)

Sector	No. of projects	Work order	Work done	Work on hand
Roads & Highways	14	6250.27	1289.45	4960.82
Irrigation	12	966.41	375.46	590.95
Mining Operation	8	1394.57	430.29	964.28
Total	34	8611.25	2095.20	6516.05

The Company's order book (pending execution) shows work on hand amounting to Rs. 6516.05 lacs as on May 31, 2010.

New contracts / projects

Your Company has been awarded following new contracts/projects during the year and up to the date of this report.

Road Sector

1. Improvement Works of Ranchi Ring Road (Section III Ch. Km 0.600 to Ch. Km 13.350 and Section IV Ch. Km 0.000 to Km 6.335) (19.085 Kms) in Jharkhand (Package ID : RRR-I) by Jharkhand Road Project Implementation Company Limited for accepted Bid Amount of Rs. 252.00 crores.
2. Improvement Works of Ranchi Ring Road (Section V Ch. Km 0.000 to Ch. Km 10.007 and Section VI Ch. Km 0.000 to Km 7.100) (17.107 Kms) in Jharkhand (Package ID : RRR-II) Jharkhand Road Project Implementation Company Limited for accepted Bid Amount of Rs. 225.00 crores.

Mining Sector

1. Removal of all types of material in all kinds of strata at Junad OCM of Wani North Area in state of Maharashtra by Western Coalfield Limited (WCL) for a contract price of Rs. 68.07 crores.
2. Hiring of HEMM (Shovel, Drill, Dozer etc) for transport and transportation of materials in various strata at Lakhanpur Area in state of Orissa by Mahanadi Coalfields Limited (A subsidiary of Coal India Ltd.) for contract price of Rs. 225.43 crores.
3. Removal of Over Burden of First Dig (Solid) at Khadia OCP in the state of Uttar Pradesh by Northern Coalfield Limited (A subsidiary of Coal India Ltd.) for contract price of Rs. 136.83 crores.
4. Removal of all types of material in all kinds of strata and Evacuation of coal from quarry face and transportation to surface at Navinkundra OC Mine of Majri Areas by Western Coal Fields Limited (A subsidiary of Coal India Limited) for contract price of Rs. 92.08 crores.

New BOT Projects

Your company has been awarded following three new BOT projects during the year

Rohtak - Panipat Road Project

- **A toll based BOT road project**

The project consists of four laning of Rohtak to Panipat Section of NH-71A from km 0.000 Km 63.30 of NH-10 to km 80.858 Km 83.50 of NH-1 in the state of Haryana on BOT basis under NHDP Phase-III. Rohtak-Panipat Tollway Pvt. Ltd. has been incorporated as special purpose vehicle to implement this project. The cost of project is estimated to Rs. 1364.03 crores of which EPC contract amounts to Rs. 1062.00 crores. The entire EPC contract will be executed by the company. The Concession Period of the project is 25 (Twenty Five) years inclusive of construction period of 910 (Nine Hundred Ten) days from Appointed Date. The financial closure of the project is in progress.

Bijapur- Hungund Road Project

- **A toll based BOT road project**

The project consists of four laning of Bijapur – Hungund Section of NH-13 from km 102.000 to km 202.000 in the state of Karnataka on Design, Build, Finance, Operate and Transfer (“DBFOT”), Toll basis under NHDP Phase-III Package No. NHDP-III/BOT/KNT/05. Bijapur- Hungund Tollway Pvt. Ltd. has been incorporated as a special purpose vehicle (SPV) to implement this project. The cost of project is estimated to Rs. 1257.10 crores of which EPC contract amounts to Rs. 1025.00 crores. The entire EPC contract will be executed by the company. The Concession Period of the project is 20 (Twenty) years including construction period of 910 (Nine Hundred and Ten) days from the Appointed Date. The financial closure of the project has been achieved.

Hyderabad - Yadgiri Road Project

- **A toll based BOT road project**

The project consists of Design, Engineering, Construction, Development, Finance, Operation and Maintenance of four laning of Hyderabad-Yadgiri Section from km 18.600 to km 54.000 of NH-202 in the state of Andhra Pradesh under NHDP Phase-III on DBFOT (Toll) Basis Package No. NHDP-III/BOT/AP/04. Hyderabad-Yadagiri Tollway Pvt. Ltd. has been incorporated as special purpose vehicle to implement this project. The cost of project is estimated to Rs. 480.22 crores of which EPC contract amounts to Rs. 398.80 crores. The entire EPC contract will be executed by the company. The concession period of the project is 23 (Twenty Three) years inclusive of construction period of 650 (Six Hundred Fifty) days from Appointed Date. The financial closure of project has been achieved on March 23, 2010 for debt component of Rs. 380.22 crores. Equity component of the project will be shared by Sadbhav Engineering Ltd., and GKC Projects Ltd. in ratio of 60:40 respectively.

BOT Projects under implementation :

Nagpur - Seoni Express Way Limited:

- **An annuity based BOT road project**

This project involves rehabilitation and upgrading to four lane from km. 596/750 to km. 653/225 on NH-7 in the state of Madhya Pradesh under North-South Corridor (NHDP Phase II) on BOT- Annuity basis. The project is a 51:49 joint venture between the Company and SREI Infrastructure Finance Limited. Construction work amounting to Rs. 177.55 crores has been completed as on May 31, 2010.

Company has completed rehabilitation and upgrading of 27.750 Km. stretch which was made available by SPV. Balance stretch of 28.825 Km is yet to be handed over to SPV by NHAI and same is pending for want of clearance from Forest Department.

Dhule Palasner Tollway Limited :

- **A toll based BOT road project**

Dhule Palesner Road Project consists of Design, Engineering, Finance, Procurement, Construction, Operation and Maintenance of 4/6 laning of MP/ Maharashtra Border-Dhule section of NH- 3 from km 168.500 to km 265.000 in the State of Maharashtra under NHDP Phase IIIA on BOT (Toll) Basis. The project is in joint venture between the Hindustan Construction Company Ltd., John Laing Investment Ltd and Sadbhav Engineering Limited in a ratio of 37:36:27 respectively. The financial closure of project was achieved on December 18, 2009 for debt component of Rs. 1065.00 crores. The company is executing allocated portion of the EPC contract valuing Rs. 1221.00 crores and the construction work amounting to Rs. 163.03 crores has been completed as on May 31, 2010.

Maharashtra Border Check Post Network Limited:

Maharashtra Border Check Post Project consists of Modernization and computerization of integrated border check posts at 22 (Twenty Two) locations in the State of Maharashtra on Build Operate and Transfer (BOT) Basis. The project is in joint venture between Sadbhav Engineering Limited, SREI Infrastructure Finance Limited and SREI Sahaj e-village Limited in ratio of 90:05:05 respectively. The financial closure of project was achieved on February 03, 2010 for debt component of Rs. 1141.10 crores. The company is executing 73.61% of the EPC contract valuing Rs. 1133.00 crores and the construction work amounting to Rs. 49.67 crores has been completed as on May 31, 2010.

Revenue Generating BOT Project :

Ahmedabad Ring Road Infrastructure Limited (ARRIL)

- **A toll-cum-grant based BOT road project**

The Sardar Patel Ring Road BOT project for 4-laning the present 76.21 km two-lane ring road around Ahmedabad city and its operation & maintenance. The construction of the project has been completed and SPV namely Ahmedabad Ring Road Infrastructure Limited (ARRIL) is collecting the toll. The toll income for year ended March 31, 2010 was Rs. 52.15 crores. Company holds 80% equity in this SPV.

Aurangabad - Jalna Tollway Limited (AJTWL)

- **A toll based BOT road project**

The Aurangabad-Jalna BOT project for widening the existing two-lane stretch of 65.80 kms to four lanes and its operation and maintenance. The construction of the project has been completed and SPV namely Aurangabad-Jalna Tollway Limited is collecting toll. The toll income for year ended March 31, 2010 was Rs. 12.13 crores. Company holds 51% equity in this SPV.

Mumbai-Nasik Expressway Limited (MNEL)

- **A toll-cum-grant based BOT road project**

The Vadape-Gonde 4 Lane BOT project for widening the existing two-lane of 99.50 Kms to four lanes and its operation and maintenance. The construction work amounting to Rs. 526.59 crores has been completed as on May 31, 2010 .

The Government of India has issued the Gazette notification dated April 21, 2010 prescribing the base toll rates for different category of vehicles using the Mumbai-Nasik (Vadape - Gonde) section from the Km chainage 539.500 to Km 440.000 of the National Highway No. 3 in the State of Maharashtra, which consist of entire project length, being four laned by Mumbai Nasik Expressway Limited, the special purpose vehicle promoted by the Company to implement the Project. SPV has started the collection of Toll from May 29, 2010. Company holds 20% equity in this SPV.

Joint Ventures

The Company has the following joint ventures –

Sadbhav-PBA Joint Venture

The Company has entered into joint venture with PBA Infrastructure Limited for construction of roads in multi-modal international hub airport at Nagpur (MIHAN) project complex. The cost of the project is Rs. 142.36 crores of which the Company's share is 50% i.e. Rs. 71.18 crores of which work amounting to Rs. 66.58 crores has been completed.

JMC – Sadbhav Joint Venture

Joint venture with JMC Project (India) Limited for the construction of a new 4 lane Agra bypass in the state of Uttar Pradesh under Phase- II programme of North- South & East- West corridors was completed during the year.

SEL- GKC Joint Venture :

In the joint venture with GKC Projects Limited the irrigation canal network project mentioned above , the company is executing the following project.

1. Earth work excavation, forming embankment and construction of CD & CM works of main canal and distributory system upto water course level and CC lining to main canal and other allied works including investigation, designing and estimation of Gouravelly right side canal from km 0.000 to 47.725 and left side canal in Karimnagar District. The cost of the project is Rs. 166.88 crores of which company's share is 52 % i.e. Rs. 86.78 crores of which work amounting to Rs. 35.14 crores has been completed.
2. Investigation, Survey, Design and Construction of Bus Rapid Transit System (BRTS) corridor from Pendurthi to DRM office (PTC Corridor) via NAD Jn, Kancharapalem, Railway Station with 2 years defect liability period under EPC(Design & Build) system. The cost of project is Rs. 165.54 crores with company's share being 50% i.e. Rs. 82.77 crores of which work amounting to Rs. 29.39 crores has been completed.
3. Investigation, design and execution of Canal Network System including Earth work Excavation and Forming Embankment, Construction of CM & CD Works and lining of canals up to sub minors and formation of Field Channels including Structures to serve an ayacut of 58800 Acres in Karimnagar Dist under Kodlmial, Potharam Surampet Lachupet and New tanks at +450 and its Concerned Gravity Canals (Canal Network Package III). The cost of project is Rs. 99.31 crores with company's share being 52% i.e Rs. 51.64 crores of which work amounting to Rs. 8.25 crores has been completed.

Subsidiary Company

As required under the provisions of section 212 of the Companies Act, 1956, a statement of the holding company's interest in the subsidiary companies is attached as "Annexure" and forms a part of this report. In the terms of approval granted by the Central Government under the provisions of section 212(8) of Companies Act, 1956, copies of Balance Sheet, Profit and Loss Account, Report of Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Annual Accounts of the Company. The Company will keep these documents at the Registered Office of the Company and its subsidiaries and will also be placed at the company's website. Annual reports would also be provided to the shareholders on request.

Consolidation of Accounts

Further pursuant to the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statement presented by the Company includes the financial statement of its subsidiaries which have commenced activities.

Fixed Deposit

The company has not accepted any deposits as defined under Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975, as amended, during the year under review.

Directors

Shri Nitin R. Patel and Shri Amarsinh J. Vaghela are the directors liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that –

- (i) in the preparation of the annual accounts, accounting standards have been followed along with proper explanation relating to material departure;
- (ii) such accounting policies have been selected and applied consistently and have made judgments and estimates reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2010 and the profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the accounts have been prepared on a 'going concern' basis.

Auditors

M/s. Shashikant Patel Associates, Chartered Accountants, the Statutory Auditors, retire at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors have recommended the re-appointment of M/s. Shashikant Patel Associates, Chartered Accountants as Auditor of the Company. The Auditor's have confirmed that their appointment, if made, would be within limit prescribed under Section 224(1B) of the Companies Act, 1956 and they are not disqualified, within the meaning of Sub-sections (3) and (4) of Section 226 of the Companies Act, 1956.

Auditors' Report

The Auditors' have not made any adverse comments / remarks which requires clarification from the Directors of Company and accordingly no further explanation has been provided by the directors in term of section 217 of the Companies Act, 1956.

Corporate Governance

The Company has been proactive in following the principles and practices of good corporate governance. The Company has ensured that the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges are duly complied with. A report on Corporate Governance along with a certificate from the Auditors regarding compliance of Clause 49 of Listing Agreement is annexed.

Industrial Relations

The Company enjoyed cordial relations with the employees during the year under review and the Management appreciates the employees of all cadres for their dedicated services to the Company.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is given in the Annexure- I and 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. The particulars of the expenditure in Foreign Currency and earning in Foreign Exchange are given in Notes to Accounts (Schedule 23).

Acknowledgements

The Directors wish to express their appreciation for the support and co-operation of the Central and State Government, Bankers, Financial Institutions, Suppliers, Vendors, Associates, Subcontractors and Shareholders during the year under review. Your Directors wish to place on record their appreciation for the employees of the Company at all levels for their commitment, dedication and continued support to the Company.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : July 19, 2010

Vishnubhai M. Patel
Chairman

Annexue - I Forming Part of Directors' Report

Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Employees who are employed throughout the year and in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum.

Name & Qualification	Age in Years	Designation	Date of Employment	Gross Remuneration (Rs.)	Experience (No. of years)	Last Employment	% age of equity shares held by employee
Mr. Vishnubhai Mafatlal Patel Qualification : S.S.C.	69 Yrs.	Chairman & Managing Director	03-10-1988	Rs. 97,50,000/-	42 years	None	15.93
Mr. Shashin Vishnubhai Patel Qualification : MBA	29 Yrs.	Joint Managing Director	23-05-2000	Rs. 48,00,000/-	10 years	None	3.84
Mr. Girish Nandubhai Patel Qualification : B.COM	48 Yrs.	Executive Director	01-08-1994	Rs. 25,50,000/-	15 years	None	3.96
Mr. Nitin Rameshchandra Patel Qualification : C.A.	41 Yrs.	Executive Director	01-08-1999	Rs. 25,50,000/-	18 years	Manubhai & Co. Chartered Accountant	0.008
* Mr. P. K. Doshi Qualification : Civil Engineer (Master Degree)	43 Yrs.	Senior Vice President	01-05-2005	Rs. 30,00,000/-	18 Years	PWD-NH-Sub divisions	None

Notes :

1. Remuneration includes salary, allowances, company's 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..
2. All the abovesaid appointment are in the nature of contractual employment except marked * and are terminated by notice of either side.
3. Mr. Vishnubhai M. Patel, Managing Director and Mr. Shashin V. Patel, Joint Managing Director are related to each other. Mr. Girish N. Patel Executive Director is the relative of Mr. Vishnubhai M. Patel, Managing Director and Mr. Shashin V. Patel, Joint Managing Director.

Report on Corporate Governance

Company's Philosophy on Corporate Governance

The Company has adopted the best practices of Corporate Governance for ensuring protection of the rights and interest of its stakeholders. The Company's broad policies of Corporate Governance viz. transparency, integrity, equity, openness, fairness and accountability are the guiding principles of the management of the Company along with the focus on investor protection. The Corporate Governance philosophy has been further strengthened with the adoption of the code of conduct for Board Members and Senior Management and for the prevention of insider trading.

The company has a sound Corporate Governance mechanism in place built around following principles :

- Management is the trustee of the shareholders' capital and not the owner
- Be transparent and maintain a high degree of disclosure levels
- Satisfy the spirit of the law and not just the letter of the law
- Make a clear distinction between personal conveniences and corporate resources
- Communicate externally, in a truthful manner, about how the Company is run internally
- Comply with the laws in all the countries in which the Company operates
- The accountability is for the safeguarding the interests of the stakeholders and the investors in the organization
- Have a simple and transparent corporate structure driven solely by business needs

Thus corporate governance is a reflection of our culture, policies, our relationship with stakeholders and our commitment to values. In so far as compliance with the requirement of clause 49 of the Listing Agreement with the Stock Exchange, the Company has complied with all the mandatory norms and disclosures that have to be made on Corporate Governance Format.

Board of Directors

The Board of Directors consists of 8 (Eight) directors. The composition and category of directors is as under:

COMPOSITION

Name	Designation	Category	No. of other Directorship held in other public Company	No. of committee membership of other companies	No. of committee chairmanship of other companies
Mr. Vishnubhai M. Patel	Managing Director & Chief Executive	Promoter, Executive Director	8	Nil	2
Mr. Girish N. Patel	Executive Director	Executive Director	1	Nil	Nil
Mr. Nitin R. Patel	Executive Director	Executive Director	5	2	Nil
Mr. Shashin V. Patel	Joint Managing Director	Executive Director	5	2	Nil
Mr. Pravinkumar M. Ganatra	Director	Independent, Non-Executive Director	Nil	Nil	Nil
Mr. Amarsinh Vaghela	Director	Independent, Non-Executive Director	Nil	Nil	Nil
Mr. Sandip V. Patel	Director	Independent, Non-Executive Director	Nil	Nil	Nil
Mr. Atul N. Ruparel	Director	Independent, Non-Executive Director	1	Nil	Nil

Board Meeting and Attendance

The Board meets at least once in a quarter and the maximum time gap between any two meetings is not more than four months.

During the year 2009-2010, 4 (Four) Board Meetings were held.

Attendance at Board meetings and Annual General Meeting (AGM)

Name	No. of Board Meetings Attended	Attendance at the last AGM
Mr. Vishnubhai M. Patel	4	Yes
Mr. Girish N. Patel	4	Yes
Mr. Nitin R. Patel	4	Yes
Mr. Shashin V. Patel	4	Yes
Mr. Pravinkumar M. Ganatra	4	-
Mr. Amarsinh Vaghela	4	Yes
Mr. Sandip V. Patel	4	Yes
Mr. Atul N. Ruparel	4	Yes

Committees of the Board

Audit Committee

The composition of Audit Committee as on March 31, 2010 was as under –

Mr. Sandip V. Patel	Chairman
Mr. Amarsinh J. Vaghela	Member
Mr. Pravinkumar M. Ganatra	Member

The terms of reference stipulated by the Board to the Audit Committee are as contained in Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreements.

During the year 2009-2010, Four meetings of the Audit Committee were held on June 06, 2009, July 30, 2009, October 30, 2009 and January 29, 2010.

Attendance at Audit Committee meetings

Name of Director	Meetings attended
Mr. Sandip V. Patel	4
Mr. Pravinkumar M. Ganatra	4
Mr. Amarsinh J. Vaghela	4

Remuneration Committee

The Remuneration Committee which comprises of three Independent Non-Executive Directors has been constituted for performing, inter-alia, various functions as set out under clause 49 of the Listing Agreements with the Stock Exchanges, comprises of the following directors.

Mr. Atul N. Ruparel	Chairman
Mr. Pravinkumar M. Ganatra	Member
Mr. Sandip V. Patel	Member

During the year 2009-2010, one meeting of the Committee was held on June 06, 2009. All members were present.

Remuneration Policy

The remuneration committee reviews and recommends remuneration of Managing Director and Whole Time Directors and determines the detail terms and conditions of the Employees Stock Option Scheme in accordance with SEBI guidelines as and when required. The Non-Executive Directors are paid sitting fees of Rs. 5000/- for Board meetings held up to June 08,2009 and Rs.10000/- thereafter.

The components of the total remuneration to management staff vary for different grades and are governed by qualifications, experience, responsibilities handled, individual performance, etc.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

Details of the remuneration paid during the year 2009-10 and other terms of appointment of Directors

Name of Directors	Salary (Rs. in lacs)	Sitting Fees Rs.	Terms of Appointment	No. of equity shares held as on 31st March, 2010
Mr. Vishnubhai M. Patel	97.50	Nil	5 years from July 1, 2009	19,91,580
Mr. Girish N. Patel	25.50	Nil	5 years from July 1, 2009	4,95,000
Mr. Nitin R. Patel	25.50	Nil	5 years from July 1, 2009	1,000
Mr. Shashin V. Patel	48.00	Nil	5 years from July 1, 2009	4,80,060
Mr. Pravinkumar M. Ganatra	Nil	35000		Nil
Mr. Amarsinh Vaghela	Nil	35000		Nil
Mr. Sandip V. Patel	Nil	35000		Nil
Mr. Atul N. Ruparel	Nil	35000		Nil

The Directors were not paid any allowance or perquisites in the year 2009-10.

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company. The company has not granted any stock option to any of its Directors.

Shareholders'/ Investors' Grievance Committee

Company has constituted the Shareholders'/ Investors' Grievances Committee comprising of –

Mr. Amarsinh J. Vaghela	Chairman
Mr. Sandip V. Patel	Member
Mr. Girish N. Patel	Member

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

The Board has designated Mr. Vijay J. Kalyani –Company Secretary as compliance officer for complying with the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992 and the requirement under the Listing Agreement.

The total number of complaints received and resolved to the satisfaction of the shareholders during the year under review was 2. No complaints were pending as on March 31, 2010.

Other committees

Finance Committee

The Board has constituted Finance Committee comprising of Mr. Vishnubhai M. Patel, Mr. Shashin V. Patel, Mr. Nitin R. Patel and Mr. Amarsinh J. Vaghela 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 Committee meets as and when the need to consider any matter assigned to it arises.

Right Issue Committee

To facilitate the decisions related to the proposed Right Issue of Company, Board has constituted on June 08, 2009 a special committee named the "Right Issue Committee" on June 08, 2009 comprising of Shri Vishnubhai M. Patel, Shri Shashin V. Patel, Shri Nitin R. Patel and Shri Atul N. Ruparel.

During the year 2009-10, two meetings of the Committee was held on July 31,2009 and August 4,2009 which was attended by all the committee members.

General Body Meetings

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

Financial Year	Date	Time	Venue
2006-07	September 29,2007	11.00 a.m.	Loins Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006
2007-08	September 27,2008	11.00 a.m.	Loins Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006
2008-09	September 29,2009	11.00 a.m.	Loins Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006

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

Date of AGM	Special Resolution Passed
September 29, 2007	Nil
September 27, 2008	<ul style="list-style-type: none">• Issue of Securities under Employees Stock Option Scheme• Issue of Securities under Employees Stock Option Scheme to the employees of Holding Company/ Subsidiary Companies of the Company.• Commencing the businesses set out in other Object Clause of the Company, pursuant to the provisions of section 149(2A) of Companies Act, 1956.
September 29, 2009	<ul style="list-style-type: none">• Alteration in Articles of the Company, pursuant to the provisions of Section 31 of the Companies Act, 1956.

The details of special resolutions passed by Company at its Extra- Ordinary General Meeting are as under:

Date of EGM	Special Resolution Passed
April 29, 2009	<ul style="list-style-type: none">• Pursuant to the Provisions of Section 81, 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 for issuance of securities up to Rs. 125 crores to the existing shareholders of the company on Right Basis.

No resolution was passed through postal ballot during 2009-10 nor is there any proposal to pass resolution through postal ballot.

Disclosures

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. The transactions with related parties are disclosed in Schedule 23 to the accounts.

During the last three years, there were no strikes or penalties imposed by SEBI or Stock Exchanges or any statutory authority, for non-compliance of any matter related to the capital markets.

Compliance with Other Mandatory Requirements

Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49(IV) (F) of the Listing Agreement.

Subsidiary Companies

All the subsidiary companies of the Company are managed with their Boards having the rights and obligations to manage such companies in the best interest of their stake holders. 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 unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.
- (b) All the minutes of the meeting of subsidiary companies are placed before the Company's Board regularly.
- (c) A statement containing all significant transactions and arrangements entered in to by the unlisted subsidiary companies is placed before the Company's Board.

Disclosure of Related Party Transactions

The details of transactions, if any, with related parties are placed before the audit committee on a quarterly basis and necessary approval of the authorities is taken wherever required.

Disclosure of Accounting Treatment

In preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

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.

Proceeds from the QIP Issue

The details of utilization of proceeds raised through QIP issue of equity shares are disclosed to the Audit Committee. The company utilized these funds for the purpose stated in the Placement Document.

Code of Conduct

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

CEO/CFD Certificate

A certificate from Managing Director and Chief Executive Officer and Finance Head on the financial statements of the Company was placed before the Board.

Means of Communication

- The quarterly financial results are sent to the Stock Exchanges immediately after the Board's approval. During the Financial Year 2009-10, the company has published its quarterly results as under.

Quarter	News Papers
Q1	Economic Times (English & Gujarati)
Q2	Economic Times (English & Gujarati)
Q3	Economic Times (English & Gujarati)
Q4	Economic Times (English & Gujarati)

- The Company has its own website www.sadbhaveng.com and the results are simultaneously hosted on the company's website.
- All price sensitive information or clarifications on the decisions of the Board are communicated immediately to the Stock Exchanges for dissemination to the shareholders.
- The Annual Report containing inter alia Audited Annual Accounts, Directors' Report, Auditor's Report and other important information is circulated to the members and other entitled thereto.
- The process of filing electronic data (EDIFAR) has been discontinued by SEBI from September 30, 2009. Pursuant to Clause 52 of Listing Agreement Company is awaiting the instruction from the participating stock exchanges, to file such data on the Corporate Filing and Dissemination System (CFDS) portal, www.corpfilings.co.in

General Shareholders Information

1. Annual General Meeting

Date and Time : September 08, 2010 at 11.00 a.m.
Venue : Lions Hall, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006.

- Financial calendar** : April 1 to March 31
- Book Closure date** : August 23, 2010 to August 27, 2010 (both days inclusive) for payment of dividend.
- Dividend payment date** : on or after September 13, 2010.
- Listing on Stock Exchanges** : The Bombay Stock Exchange Limited
The National Stock Exchange of India Limited

Note : Annual listing fees for the year 2010-11 has been paid to the BSE and NSE

6. Stock Code

Script Code at BSE : 532710
Trading Symbol at NSE : SADBHAV
Demat ISIN No. : INE226H01018

7. Market price data

Month	The Bombay Stock Exchange Limited, Mumbai (BSE)		The National Stock Exchange, Mumbai (NSE)	
	High Price	Low Price	High Price	Low Price
April 2009	440.85	280.00	443.60	307.00
May 2009	714.00	377.05	713.80	368.00
June 2009	727.90	620.00	724.00	620.30
July 2009	776.70	625.05	775.00	621.00

August 2009	845.00	636.00	840.00	650.00
Sept 2009	879.00	745.00	890.00	750.15
Oct 2009	980.00	789.00	991.70	810.00
Nov 2009	999.00	850.00	1010.00	837.00
Dec 2009	1260.00	934.00	1247.00	933.00
Jan 2010	1350.00	1140.00	1350.00	1152.10
Feb 2010	1294.80	1096.00	1295.00	1112.75
March 2010	1394.70	1170.00	1399.85	1170.00

- 8. Registrar & Transfer Agents** : Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
Phone : 022-25963838

9. 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.

10. Shareholding as on March 31, 2010

a. Distribution of shareholding as on March 31, 2010

No. of shares	No. of shareholders	% to total	No of shares held	% to total
1 - 500	5645	96.51	234882	1.8790
501 - 1000	59	1.01	45543	0.3640
1001 - 2000	27	0.46	41583	0.3330
2001 - 3000	13	0.22	32595	0.2610
3001 - 4000	6	0.10	22631	0.1810
4001 - 5000	5	0.09	23994	0.1920
5001 - 10000	24	0.41	193947	1.5520
Above 10000	70	1.20	11904825	95.2390
Total	5849	100.00	12500000	100.000

b. Categories of shareholders as on March 31, 2010

Category	No. of shares	% to total
Promoters	5943360	47.55
Mutual Fund	2270878	18.16
Banks, Financial institutions, Insurance companies	328	0.01
FII	2919510	23.35
Other private corporate bodies	753552	6.03
Indian Public	602693	4.82
NRI / OCB	9679	0.08
Total	12500000	100.00

- 11. Dematerialization of shares and liquidity** : 99.64% of the Company's paid-up equity share capital has been dematerialized up to July, 2010. 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).

- 12. Outstanding GDRs/ADR/Warrants or any convertible instruments, conversions, conversion date and likely impact on equity** : NIL

13. Work Shop : At Village Ognaj, Tal. Daskroi, Dist.: Ahmedabad.

14. Address for Correspondence : 'Sadbhav House',
Opp: Law Garden Police Chowki,
Ellisbridge, Ahmedabad – 380006.
Phone : +91-79-26405687
Fax : +91-79-26400210

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

The Board has formulated a code of conduct for the Board Members and Senior Management of the Company, which has been posted on the website of the Company.

It is hereby affirmed that all the Directors and senior managerial personnel have complied with the code of conduct framed by the company and confirmation to that effect has been obtained from the Directors and senior management.

For, **Sadbhav Engineering Limited**

Place : Ahmedabad
Date : May 21, 2010

Vishnubhai M. Patel
Chairman & Managing Director

Auditors' Compliance Certificate on Corporate Governance

To,
The Members of
Sadbhav Engineering Limited

We have examined the compliance conditions of Corporate Governance by **SADBHAV ENGINEERING LIMITED** for the year ended March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as certified by the share transfer agents of the company based on the records maintained by them.

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

For, **Shashikant Patel Associates**
Chartered Accountants
Firm Reg. No. 113672W

Place : Ahmedabad
Date : May 21, 2010

S. D. Patel
Proprietor
Membership No. 37671

Management Discussion & Analysis

The Company Directors take pride in presenting the annual report for the financial year 2009-10 and the outlook for the future based on the current business scenario, which may vary due to future economic, political and other development on the Global as well as Indian facade.

1. ECONOMIC SCENARIO

In spite of the Global Financial crisis, India's economic growth is steadily gaining momentum. As the Indian economy grows over the next 10 to 15 years, the nation will have to invest more and more for the development of its infrastructure. When it comes to investment, infrastructure sector companies are among the forefront sector. This is mainly due to the fact that there are huge opportunities in this sector, which can be capitalized over the next several years. Infrastructural segments like roads, bridges, mining, ports, power, railways, airports, urban infrastructure, water, irrigation or gas transport, all are in need of higher investments. The government has also increased the allocation for infrastructure development in the Union Budget 2010-11.

2. INDUSTRY SYNOPSIS

India's spending on infrastructure has been in the region of about 3% to 4% of the GDP, which the government now plans to take to 9% by the year 2012. This is possible as the government is hoping to spend about \$500 billion on this sector in the Eleventh Five Year Plan as compared to \$220 billion in the Tenth Five Year Plan. This is a quantum leap compared to the past several years.

Currently, 60% of India's labour force is employed in agriculture. India's agriculture yields are a fraction compared to those of its Asian neighbours. The key therefore is to raise agricultural productivity with technology inputs. Public investment in agriculture needs to be increased to enhance productivity. Investments have to be made in various infrastructural sectors.

3. OPPORTUNITIES AND STRENGTHS

Sadbhav looks forward to harnessing the opportunity as the Government focuses on the Infrastructure sector, especially Roads, Power, Ports, Rural and Urban Infrastructure by allocating the sector 46% of the total plan allocation.

The Indian economy is growing at an amazing rate of 8% for the past three years placing it as Asia's fourth largest economy. The economists foresee that this vertical growth will continue at least till 2010. This has in turn led to an increase in levels of investment by the government and the private sector in infrastructure, there by opening doors to huge prospects for the Company. Further, access to funds for long gestation projects is likely to increase Public Private Partnership (PPP) in Irrigation Sector, road projects etc. which can give a boost to this segment.

Our more than 20 years of experience, expertise and strong execution capabilities, in the construction of infrastructure projects and a proven track record in this sphere, allows us to utilize this opportunity to its fullest. The Government of India has also taken steps to encourage investment in the infrastructure and construction sector such as providing economic benefits to private sector participants for projects executed on a Build-Operate-Transfer (BOT) basis.

Sadbhav constantly seeks to achieve higher levels of vertical amalgamation as a strategy to enhance competitive benefit, boost margins, and acquire greater control over business segments and bid for larger jobs. This has been successfully achieved in its various sectors of Road Building, Irrigation and Mining.

4. SEGMENT WISE PERFORMANCE

As on March 31, 2010 the Company has only one reportable business segment, that of construction, engineering and infrastructure development.

5. OUTLOOK

The Infrastructure and Construction industries together are the second largest contributor to GDP growth in the country. With 26% of the budget for the Eleventh Five Year Plan (2007-2012) being set aside for the infrastructure sector, and an increasing level of investment in infrastructure by governments as well as emphasis on public-private partnerships, a quantum leap of growth is foreseen in our business.

The Company is currently executing a large number of projects and has built a healthy order book. We shall continue to focus on our core sectors of roads and highways, irrigation and mining operations ensuring quality execution

Sadbhav also aims to look at the growing opportunities in infrastructure development like ports, pipelines and airports where we can leverage our skills and equipment.

6. RISKS AND CHALLENGES

Many issues hamper the smooth functioning of the Company's business, results of operations and financial condition. Issues like Contracting, financing, competition which lead to price-cuts and low operating margins, high instability in prices of major raw material such as steel, cement etc. and labour shortage, pose major risks in the growth of the Construction Industry. Further more Roads and highways are prone to major time-cost over-runs. Land acquisition and removal of encroachments continue to be major constraints in project Completion.

7. MINIMIZING RISKS

In order to assure smooth sailing of the Company, Risk management becomes a paramount and integral part of strategy planning. The objective of the risk management strategy includes ensuring that critical risks are recognized, observed and controlled effectively in order to protect the company's business. The company has a formal reporting and control mechanism to ensure timely availability of information, which assists proactive risk management. At the enterprise level, de-risking of the company's business risk is sought

to be achieved, by a policy of undertaking diversified projects in different verticals, geographies and revenue models. All key functions and divisions are independently responsible for monitoring risk associated within their prospective areas of operations. Sadbhav being in the business of developing BOT projects in Road Sector, undertake responsibility of such projects on EPC (Engineering Procurement & Construction) basis. The Company is also into Irrigation and Mining Projects. Through strategic Planning the company has increased the revenue from the Mining projects, mitigating the high risk of BOT projects. This has helped Sadbhav in minimizing the Impact of the current global market scenario.

With a considerable experience in the industry the Company strives to plan the supply of materials effectively and keep the cost escalation risk to a minimum. The Company also enters into long-term arrangement with suppliers for requisite raw materials for the tenure of the project, thus guaranteeing a continuous flow.

The Company also endeavours to maintain a healthy work environment and positive relationship with all its employees. It also has a comprehensive employee welfare scheme to take care of their health and safety. Due to this, the Company has not experienced any work stoppages or significant labour disruptions during its operational history.

The Company's ability to foresee and manage business risks is crucial in achieving optimum results. The Company ensures that the risks it undertakes are commensurate with better returns. The management is positive about the Company's long-term outlook.

8. Internal Control Systems and their Adequacies

The Company has adequate internal controls for its business processes across departments to ensure efficiency of operations, compliance with internal policies and applicable laws and regulations, protection of resources and assets and accurate reporting of financial transactions.

The internal control system is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure the reliability of financial and all other records. The Company is also in the process of implementing a comprehensive customized ERP system. This system will connect all sites with the corporate office, and by providing real time information to the top brass of the Company it will enable better management and control of all the processes.

9. FINANCIAL OVERVIEW

a) Income Analysis

The Company's revenues for the current year stood at Rs. 1,256.93 crores as against Rs. 1,062.48 crores in the previous year, thereby registering a growth of 18.3%.

b) Expense Analysis

Manufacturing and Construction expenses

Material consumed for the year ended March 31st, 2010 amounted to Rs. 210.66 crores against Rs. 274.10 crores in previous year and Construction expenses increased from Rs. 625.30 crores incurred during 2008-09 to Rs. 842.88 crores.

Depreciation, Interest and financial charges

Depreciation during 2009-10 amounted to Rs. 23.25 crores as against Rs. 15.68 crores recorded in 2008-09. Interest and financial charges increased from Rs. 21.39 crores in 2008-09 to Rs. 33.09 crores in 2009-10.

c) Profit Analysis

EBDIT during 2009-10 stood at Rs. 137.66 crores as against Rs. 108.31 crores recorded during 2008-09. Profit after tax for 2009-10 stood at Rs. 53.84 crores as compared to Rs. 63.29 crores during 2008-09.

d) Net Worth

The company also saw a rise in the Net worth from Rs. 342.65 crores in 2008-09 to Rs. 391.51 crores in 2009-10.

e) Dividend

In view of the company's remarkable performance, the Company declared a final dividend of 40%. (Last Year 40%).

10. HUMAN RESOURCE DEVELOPMENT

At Sadbhav, we do not forget our responsibilities towards our people who have contributed to a great extent to our success in the corporate world, with their devotion and relentless support. They widen the boundaries of our existence as well as enhance our goodwill. The company has a professionally managed HR team that seeks to attract the best possible talent and groom it to fulfil the vision for future and look after the social amenities like Medical, PF, Gratuity, Group Insurance, LTA etc.

Sadbhav identifies the potential of each employee and endeavours by providing them the right opportunity to grow. Regular in-house and external training, which includes knowledge and skill development, is provided to enhance their growth. We strive to maintain a professional, value-driven, work environment where every employee feels satisfied and appreciated. Our positive approach to competency development and retention allows us to attract, retain and build the best team.

Today the Sadbhav family consists of 1151 employees.

11. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations.

Auditors' Report

To,
The Members of,
Sadbhav Engineering Limited

1. We have audited the attached Balance Sheet of **SADBHAV ENGINEERING LIMITED**, as at 31st March, 2010 and also the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
 - (b) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of the books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representation received from the Directors as on 21st May, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of Sub-section(1) of section 274 of the companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For SHASHIKANT PATEL ASSOCIATES
Chartered Accountants
Firm Reg. No. 113672W

(S. D. PATEL)
PROPRIETOR
Membership No. 37671

Place : Ahmedabad
Date : May 21, 2010

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us all the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its inventories:

- a) As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

- a) The Company has given loans to its four subsidiaries during the year. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 14356.01 lacs and the year-end balance is Rs. 14230.17 lacs.
- b) In our opinion and according to the information and explanations given to us, interest has been charged on loans except in case of one subsidiary and other terms and conditions, are not prima facie prejudicial to the interest of the company.
- c) The principal amounts, are repayable on demand and there is no repayment schedule.
- d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise.
- e) During the year Company has taken loan from two companies covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved was Rs. 243.42 Lacs and the balance at the year end was Rs. 33.00 lacs.
- f) The rate of interest and other terms and conditions of loan taken by the Company, secured or unsecured, are not prima facie prejudicial to the interest of the Company.
- g) The principal amounts, are repayable on demand and there is no repayment schedule.

4. In respect of Internal Control:

In our opinion and according to the information and explanations given to us, there is no formal internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets. However we have been informed that Directors are personally supervising such purchases. As the company is Construction Company the question of internal control over sale of goods does not arise. During the course of our audit, we have not observed any major weaknesses in absence of formal internal control system.

5. In respect of transactions need to be entered into the register maintained under section 301 of the companies Act, 1956:

- a) In our opinion and according to the information and explanations given to us, the Particulars of contracts or arrangements that need to be entered in to the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, having regard to the fact that the transactions of works contract made in pursuance of contracts or arrangements entered in to the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices for such works contract at the relevant time or the prices at which the transactions for similar works contract have been made with other parties.

6. In respect of deposits from public:

The Company has not accepted any deposits during the year from the public within the meaning of Section 58A and 58AA and other relevant provisions of the Act and rules framed thereunder.

7. In respect of internal audit system:

In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.

8. In respect of maintenance of cost records:

We have been informed that the central government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 in respect of company's activities.

9. In respect of statutory dues:

- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
- b) The disputed statutory dues aggregating to Rs. 334.56 Lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Forum where Dispute is pending	Amount (Rs. in Lacs)
01.	The Custom Act, 1962	Custom duty	2001-2002	CESTAT, Mumbai	104.95
02.	Orissa Sales Tax Act, 1947	Entry Tax	2000-2001	Commissioner of Sales-tax Jaipur	0.75
03.	Orissa Sales Tax Act, 1947	Sales Tax	1993-1994 to 1997-1998	Sales Tax Tribunal Bhubaneswar	4.55
04.	Service Tax Act, 1994	Service Tax	2005-2006	CESTAT, Ahmedabad	67.29
05.	Income Tax Act, 1961	Income Tax	2004-05	ITAT, Ahmedabad (Appeal by Dept)	124.21
06.	Income Tax Act, 1961	Income Tax	2005-06	ITAT, Ahmedabad (Appeal by Dept)	23.81
07.	Income Tax Act, 1961	Income Tax	2006-07	ITAT, Ahmedabad (Appeal by Dept)	9.00
				TOTAL	334.56

10. In respect of accumulated losses and cash losses:

The Company does not have accumulated losses at the end of the Financial Year. The Company has not incurred any cash losses during the financial year covered by the audit and in the immediately preceding financial year.

11. In respect of dues to financial institution /banks /debentures:

Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.

12. In respect of loans and advances granted on the basis of security:

In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In respect of provision applicable to chit fund /nidhi / mutual benefit fund / society:

In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.

14. In respect of dealing or trading in share, securities, debentures and other investments:

According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of the paragraph 4 of the Order are not applicable to the Company.

15. In respect of guarantee given for loans taken by others:

In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year except in cases of Subsidiaries of the company.

16. In respect of application of term loans:

In our opinion, and according to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied for the purposes for which the loans were obtained.

17. In respect of fund used:

According to the information and explanations given to us, and an overall examination of the Cash flow statement and Balance Sheet of the Company, we are of the opinion that no funds raised on short term basis have been used for long term investment.

18. In respect of preferential allotment of shares:

The Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Act, during the year.

19. In respect of securities created for debentures:

The Company has not issued any secured debenture during the year.

20. In respect of end use of money raised by public issues:

The Company has not raised any money by way of public issue during the year.

21. In respect of fraud:

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For SHASHIKANT PATEL ASSOCIATES
Chartered Accountants
Firm Reg. No. 113672W

(S. D. PATEL)
PROPRIETOR
Membership No. 37671

Place : Ahmedabad
Date : May 21, 2010

Balance Sheet as at March 31, 2010

(Rs. in Lacs)

	Schedule	As at 31-03-2010	As at 31-03-2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1250.00	1250.00
Reserves & Surplus	2	37901.30	33100.11
		39151.30	34350.11
LOAN FUNDS			
Secured Loans	3	27403.78	21111.22
Unsecured Loans	4	15019.10	0.00
		42422.88	21111.22
Deferred Tax Liability		1407.98	1100.45
TOTAL		82982.16	56561.78
APPLICATION OF FUNDS			
FIXED ASSETS:	5		
Gross Block		33220.98	26064.84
Less: Depreciation		12211.87	10610.30
Net Block		21009.11	15454.54
INVESTMENTS	6	14412.87	12460.27
CURRENTS ASSETS, LOANS AND ADVANCES:			
Inventories	7	5399.08	2755.03
Sundry Debtors	8	44077.84	27817.63
Cash & Bank Balances	9	4483.47	1003.05
Other Current Assets	10	281.95	53.43
Loans & Advances	11	46675.26	23594.71
		100917.60	55223.85
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	12	52731.12	25921.25
Provisions	13	626.29	740.52
NET CURRENT ASSETS		47560.19	28562.08
MISCELLANEOUS EXPENDITURE (To the extent not written off)	14	0.00	84.89
TOTAL		82982.16	56561.78
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	23		

As per our Audit Report of even date attached

For and on behalf of Board

For Shashikant Patel Associates

Chartered Accountants
Firm Reg. No. 113672W

V. M. Patel
Managing Director

Nitin R. Patel
Executive Director

S. D. PATEL
Proprietor
Membership No. 37671

Place : Ahmedabad
Date : 21-05-2010

Shashin V. Patel
Jt. Managing Director

Vijay Kalyani
Company Secretary

Profit and Loss Account for the Year Ended March 31, 2010

(Rs. in Lacs)			
	Schedule	2009-2010	2008-2009
INCOME			
Income from Operations	15	125692.62	106248.06
Increase /(Decrease) in Work in progress	16	0.00	(226.58)
Other Income	17	1664.97	1169.13
		127357.59	107190.61
EXPENDITURE			
Material Consumed	18	21066.47	27409.72
Construction Expenses	19	84287.82	62530.45
Administrative & Other Expenses	20	6629.36	5133.32
Interest & Financial Charges	21	3308.62	2138.55
Depreciation		2325.21	1568.08
Preliminary Expenses Written off		84.89	86.06
Prior Period Adjustments	22	(141.10)	31.00
		117561.27	98897.18
PROFIT BEFORE TAX		9796.32	8293.43
Provision for Taxation:			
Current Tax including wealth Tax Rs. 0.92 Lacs (Rs. 0.82 Lacs)		2970.01	1780.82
Deferred Tax		307.53	129.06
Fringe Benefit Tax		0.00	14.10
PROFIT AFTER TAX		6518.78	6369.45
Add/(Less):			
Excess/(Short) Provision of Taxation for Earlier Years (Refer Note No. 8)		(1134.55)	(40.01)
NET PROFIT FOR THE YEAR		5384.23	6329.44
Balance Brought Forward from last year		13704.96	8625.30
		19089.19	14954.74
APPROPRIATIONS			
Transfer to General Reserve		650.00	650.00
Transfer to Debenture Redemption Reserve		600.00	14.80
Proposed Dividend		500.00	500.00
Tax on Proposed Dividend		83.04	84.98
Balance carried to Balance Sheet		17256.15	13704.96
Weighted Average Number of Equity Shares		12500000	12500000
Weighted Average Number of Dilutive Equity Shares		12500000	12500000
Nominal Value per Equity Shares		10.00	10.00
Basic Earning Per Share		43.07	50.64
Diluted Earning Per Share		43.07	50.64
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS		23	

As per our Audit Report of even date attached

For and on behalf of Board

For Shashikant Patel Associates

Chartered Accountants
Firm Reg. No. 113672W

V. M. Patel
Managing Director

Nitin R. Patel
Executive Director

S. D. PATEL
Proprietor
Membership No. 37671

Place : Ahmedabad
Date : 21-05-2010

Shashin V. Patel
Jt. Managing Director

Vijay Kalyani
Company Secretary

Schedules Forming Part of the Balance Sheet

as at March 31, 2010

(Rs. in Lacs)

	As at 31-03-2010	As at 31-03-2009
SCHEDULE-1		
SHARE CAPITAL		
AUTHORIZED		
2,00,00,000 (1,50,00,000) Equity Shares of Rs. 10/- each	2000.00	1500.00
ISSUED, SUBSCRIBED AND PAID UP		
1,25,00,000 (1,25,00,000) Equity Shares of Rs. 10/- each (Out of the above 52,50,000 Equity Shares in earlier year are issued as fully paid up Bonus Shares by Capitalization of Rs. 5,25,00,000 from General Reserve)	1250.00	1250.00
Total	1250.00	1250.00
SCHEDULE-2		
RESERVES & SURPLUS		
Capital Reserve	345.00	345.00
	345.00	345.00
Security Premium Account As per Last Balance Sheet	14875.17	14875.17
	14875.17	14875.17
Debenture Redemption Reserve As per Last Balance Sheet Add: Addition during the year	14.80 600.00	0.00 14.80
	614.80	14.80
General Reserve As per Last Balance Sheet Add: Transferred from Profit & Loss A/c	4160.18 650.00	3510.18 650.00
	4810.18	4160.18
Profit & Loss Account	17256.15	13704.96
Total	37901.30	33100.11
SCHEDULE-3		
SECURED LOANS		
11.95% SECURED REDEEMABLE NON CONVERTIBLE DEBENTURES		
Life Insurance Corp. of India (300 Debentures of Rs. 10 Lacs each)	3000.00	3000.00
TERM LOANS		
Term Loan from IDBI Bank	3000.00	0.00
Earth Moving Equipments and Vehicles Loans from Banks	6532.62	1885.94
Earth Moving Equipments and Vehicles Loans from Financial Institutions	3370.18	4123.76
Working Capital Loans- From Banks		
Short Term Demand Loan	6750.00	4180.00
Cash Credit Facility	4715.23	7921.52
Interest Accrued on Short Term Loans	35.75	0.00
Total	27403.78	21111.22

Note: Details of Security Charged on above loans are given in Notes on Accounts No. 04

Schedules Forming Part of the Balance Sheet

as at March 31, 2010

(Rs. in Lacs)

	As at 31-03-2010	As at 31-03-2009
SCHEDULE-4		
UNSECURED LOANS		
DEPOSIT		
Inter Corporate Deposits	63.11	0.00
WORKING CAPITAL LOANS		
From Banks	14000.84	0.00
From Financial Institutions & Others	955.15	0.00
Total	15019.10	0.00

SCHEDULE-5

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2009	ADDITION	DEDUCTION	UP TO 31.03.2010	UP TO 01.04.2009	FOR THE CURRENT YR.	DEDUCTIONS/ ADJUSTMENTS	UP TO 31.03.2010	AS ON 31.03.2010	AS ON 31.03.2009
Land-Free Hold	164.50	0.00	0.00	164.50	0.00	0.00	0.00	0.00	164.50	164.50
Building	414.47	127.70	0.00	542.17	87.30	10.78	0.00	98.08	444.09	327.17
Furniture	121.81	41.68	1.11	162.38	32.62	9.16	0.87	40.91	121.47	89.19
Office Equipment	338.11	54.33	0.72	391.72	82.14	45.43	0.17	127.40	264.32	255.97
Machineries	23935.89	7877.09	1225.63	30587.35	10063.38	1750.00	707.42	11105.96	19481.39	13872.52
Vehicles	542.96	165.97	17.60	691.33	344.86	59.99	15.19	389.66	301.67	198.10
Computer Software	0.00	611.65	0.00	611.65	0.00	449.86	0.00	449.86	161.79	0.00
Machinery Not put to use	547.09	69.88	547.09	69.88	0.00	0.00	0.00	0.00	69.88	547.09
TOTAL AMOUNT RS.	26064.83	8948.30	1792.15	33220.98	10610.30	2325.22	723.65	12211.87	21009.11	15454.54
PREVIOUS YEAR	24139.69	4591.75	2666.61	26064.84	9837.63	1568.09	795.42	10610.30	15454.54	

SCHEDULE-6

Trade Investment: Long Term & Unquoted

[A] Investment in Subsidiary Companies

[a] Ahmedabad Ring Road Infrastructure Ltd. 8367940(8367940) Equity Shares of Rs. 10/- each	4167.99	4167.99
[b] Aurangabad - Jalna Tollway Ltd. 1005207 (1005207) Equity Shares of Rs. 10/- each	2794.80	2794.80
[c] Nagpur - Seoni Express Way Ltd. 24479940 (24479940) Equity Shares of Rs. 10/- each	2447.99	2447.99
[d] Share Application Money Pending Allotment Nagpur - Seoni Express Way Ltd.	499.60	499.60
[e] Sadbhav Infrastructure Project Ltd. 49940 (49940) Equity Shares of Rs. 10/- each	4.99	4.99
[f] Maharashtra Border Check Post Network Ltd. 44940 (25440) Equity Shares of Rs. 10/- each	2212.22	2.54
[g] Option Premium paid for Shares of Maharashtra Border Chek Post Network Ltd.	592.28	-
[h] Rohtak - Panipat Tollway Pvt. Ltd. 9990 (0) Equity Shares of Rs. 10/- each	1.00	0.00
[i] Bijapur - Hungud Tollway Pvt. Ltd. 15390 (0) Equity Shares of Rs. 10/- each	1.54	0.00
[j] Hyderabad - Yadgiri Tollway Pvt. Ltd. 9990 (0) Equity Shares of Rs. 10/- each	1.00	0.00
[k] Sadbhav Mining Limitada, Mozambique (No. of shares and face value not defined as per local laws applicable to the Company)	0.80	0.80
Total A	12724.21	9918.71

Schedules Forming Part of the Balance Sheet

as at March 31, 2010

(Rs. in Lacs)

	As at 31-03-2010	As at 31-03-2009
[B] Investment in Assocaite Company		
[a] Equity Participation in Mumbai Nasik Expressway Ltd. (SPV) 10400000 (10400000) of Rs. 10/- each	1040.00	1040.00
[b] Dhule Palasner Tollway Ltd. 130000 (Nil) Equity Shares of Rs. 10/- each	13.00	0
[c] Share Application Money Pending Allotment (Dhule Palasner Tollway Ltd.)	633.10	0
Total B	1686.10	1040.00
[C] Investment of unutilized QIP Fund		
[a] Money Market Mutual Fund (Quoted) Aggregate Market Value as on 31.03.10 Rs. Nil (Rs. 1520.97 Lacs)	0.00	1499.00
Total C	0.00	1499.00
[D] Other Investments-Unquoted		
[a] 25000 (25000) Shares of Saket Projects Ltd. of Rs. 10/- each	2.50	2.50
[b] 900 (900) Shares of Ocean Bright Corp., Hongkong of HK\$ 1/- each	0.06	0.06
Total D	2.56	2.56
Agreegate Value of Quoted Investment Rs. Nil (Rs. 1499 Lacs)		
Agreegate Value of Un-Quoted Investment Rs. 14412.87 Lacs (Rs. 10961.27 Lacs)		
Total (A)+(B)+(C)+(D)	14412.87	12460.27
SCHEDULE-7		
INVENTORIES		
Construction Materials, Stores, Spares and Others (Valued at Cost or Net Realizable Value, whichever is less) (as certified by the Management)	4469.49	1825.44
Work in Progress (at Contract rates as certified by the Management)	929.59	929.59
Total	5399.08	2755.03
SCHEDULE-8		
SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD)		
Debts outstanding for more than six months	2562.71	1583.42
Other Debts (Other Debts includes Rs. 1498.89 lacs (Rs. 327.36 Lacs) from Subsidiary Company)	41515.13	26234.21
Total	44077.84	27817.63
SCHEDULE-9		
CASH & BANK BALANCES		
(A) Cash on Hand	7.02	6.04
(B) Balances with Scheduled Banks:		
(a) In current Accounts	3995.79	437.45
(b) In Fixed Deposit Accounts		
Margin Money	99.53	27.85
Others	381.13	531.33
(C) Balances with Bhuj Mercantile Bank in Current Account: [Maximum Balance Rs. 0.38 Lacs (Rs. 11.38 Lacs)]	0.00	0.38
Total	4483.47	1003.05

Schedules Forming Part of the Balance Sheet

as at March 31, 2010

(Rs. in Lacs)

	As at 31-03-2010	As at 31-03-2009
SCHEDULE-10		
OTHER CURRENT ASSETS (UNSECURED)		
Interest accrued on Fixed Deposits with Banks	12.82	6.37
Excise Claim Receivable	269.13	47.06
Total	281.95	53.43
SCHEDULE-11		
LOANS AND ADVANCES		
(Unsecured, Considered good)		
Loan to Subsidiary Companies	14230.17	722.76
Loan to Others	6983.17	6646.50
Advances to Suppliers for Goods / Services	15402.07	6451.61
Advances recoverable in cash or kind or value to be received	2854.90	154.99
Retention Money Deducted by Clients	6052.33	6491.36
Security and other Deposits	790.86	2468.54
Advance Income Tax (Net of Tax Provision)	359.68	658.95
Advance Fringe Benefit Tax (Net of Tax Provision)	2.10	0.00
Total	46675.26	23594.71
SCHEDULE-12		
CURRENT LIABILITIES		
Sundry Creditors		
Dues to Small Scale Industrial Undertaking	0.00	0.00
Unpaid Dividend	2.27	1.88
Others	14311.32	5431.67
Advances received from Clients	32421.39	14606.48
Book Overdrafts	116.46	116.94
Trade Deposits	5230.01	5257.12
Other Liabilities	649.67	507.16
(Note:- Advance received from clients includes Rs. 16646.86 Lacs (Rs. 3550.52 Lacs) from Subsidiary Companies)		
Total	52731.12	25921.25
SCHEDULE-13		
PROVISIONS		
Proposed Dividend	500.00	500.00
Tax on Proposed Dividend	83.04	84.98
Provision of Income Tax (Net of Advance Tax)	0.00	125.64
Provision of Fringe Benefit Tax (Net of Advance Tax)	2.58	2.88
Wealth Tax Provision	0.94	0.84
Provision for Gratuity	39.73	26.18
(Note:- There was no amount outstanding as on 31.03.2010, which is required to be transferred to Investor Education & Protection Fund {IEPF})		
Total	626.29	740.52
SCHEDULE-14		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Opening Balance	84.89	170.95
Less: Written off during the year	84.89	86.06
Total	0.00	84.89

Schedules Forming Part of the Profit and Loss Account

for the Year Ended March 31, 2010

(Rs. in Lacs)

	2009-2010	2008-2009
SCHEDULE-15		
INCOME FROM OPERATIONS		
Contract Receipts	125653.54	106091.83
Interest Received	39.08	156.23
Total	125692.62	106248.06
SCHEDULE-16		
INCREASE/(DECREASE) IN WORK IN PROGRESS		
Opening Work in Progress	929.59	1156.17
Less: Closing Work in Progress	929.59	929.59
Total	0.00	(226.58)
SCHEDULE-17		
OTHER INCOME		
Profit on sales of Assets	326.48	100.33
Miscellaneous Income	1338.49	1068.80
Total	1664.97	1169.13
SCHEDULE-18		
MATERIAL CONSUMED		
Opening Stock	1673.91	3586.86
Add: Purchases	23624.22	25496.77
	25298.13	29083.63
Less: Closing Stock of material	4231.66	1673.91
Total	21066.47	27409.72
SCHEDULE-19		
CONSTRUCTION EXPENSES		
Labour Expenses	72412.92	52634.74
Diesel & Oil Expenses	9975.24	7446.75
Stores Consumed	180.77	392.78
Repairs & Maintainces-Construction Machineries	572.06	944.48
Repairs & Maintainces- Building & Others Assets	26.61	69.47
Transportation Expenses	166.15	150.30
Machinery Rent	389.43	374.88
Electricity Expenses	55.55	80.29
Land Rent	115.09	57.27
Site Establishment Expenses	207.83	174.94
Commission Expenses	0.00	6.66
Mess Expenses	186.17	197.89
Total	84287.82	62530.45

Schedules Forming Part of the Profit and Loss Account

for the Year Ended March 31, 2010

(Rs. in Lacs)

	2009-2010	2008-2009
SCHEDULE-20		
ADMINISTRATIVE & OTHER EXPENSES		
Expenses on Employees:		
Salary, Wages and Bonus	1725.67	1457.41
Contribution to Provident & Other Funds	68.24	33.24
Workmen and Staff Welfare Expenses	90.26	82.82
Rent	97.74	100.22
Rates & Taxes	1864.02	992.67
Vehicle Rent	80.24	80.17
Running & Maintenance of Vehicles	63.32	64.18
Insurance	187.27	163.49
Postage & Telephone	62.25	58.72
Stationary & Printing	47.67	36.80
Traveling & Conveyance Expenses, incl. Foreign Traveling Expenses Rs. 2.08 Lacs (Rs.16.89 Lacs)	101.03	95.64
Director' Traveling & Conveyance Expenses, incl. Foreign Traveling Expenses Rs. 0.72 Lacs (Rs. 9.24 Lacs)	19.62	38.23
Legal and Consultation Fees & Expenses	925.01	784.79
Bank Guarantee Commission	348.81	480.72
Other Bank Charges	146.46	74.09
Managing Director's Remuneration	97.50	30.00
Whole time Director's Remuneration	99.00	43.80
Donation Expenses	149.67	98.33
Audit Fees & Other Expenses	12.79	9.68
Loss on Sales of Assets & Written Off	144.54	155.29
Miscellaneous Expenses	298.25	253.03
Total	6629.36	5133.32
SCHEDULE-21		
INTEREST AND FINANCIAL CHARGES		
(a) Interest Paid to Banks		
Interest Paid on Term Loans	1218.59	654.03
Interest Paid on Other Bank Facilities	860.84	840.48
(b) Interest paid to Financial Institutions & Others		
	1229.19	644.04
Total	3308.62	2138.55
SCHEDULE-22		
PRIOR PERIOD ADJUSTMENTS		
Debit Items:		
Material Consumed	(30.50)	9.72
Construction Expenses	45.03	14.31
Administrative Expenses	(141.60)	6.11
Interest Paid	(26.80)	2.76
Total A	(153.87)	32.90
Credit Items:		
Interest on F.D.R.	(1.17)	0.12
Other Income	(11.60)	1.78
Total B	(12.77)	1.90
Net Debit/(Credit) A-B	(141.10)	31.00

Notes Forming Part of Accounts

SCHEDULE-23

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Company Overview:

The Company, Sadbhav Engineering Limited is engaged in the business of development of infrastructure facilities in the line of canals, irrigations projects, roads, bridge, dams which includes civil, electrical and mechanical contractor, designer and engineers, structural contractor, earthwork contractor for repairing, reconstruction, renovation, demolitions and construction of canals, irrigations projects, roads, bridge, dams. Company also establishes maintain, operate, lease or transfer the above infrastructure facilities on BOT, BOLT and BOTT basis. Company is also engaged in mining activities on contract basis.

A. SIGNIFICANT ACCOUNTING POLICIES:

a) Method of Accounting:

The Financial Statements are based on historical cost convention and prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Use of accounting Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balance sheet of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amount of income and expenses during the year of account. Example of such estimates includes contract costs expected to be incurred to complete construction contracts, provision for doubtful debts, income taxes etc. Management periodically assesses whether there is an indication that an assets may be impaired and makes provision in the account for any impairment losses estimated. Contingencies are recorded when it is probable that a liabilities will be incurred and the amount can be reasonably estimated. Actual result could differ from those estimates.

c) Recognition of contract revenue and expenses:

- i) Revenue from contract is recognized on the percentage completion method based on billing schedules agreed with the client on a progressive completion basis.
- ii) An expected loss on construction contract is recognized as an expense immediately when it is certain that the total contract costs will exceed the total contract revenue.
- iii) Price escalation and other Claims and/or variations in the contract work are included in contract revenue only when:
 - a) Negotiations have reached an advanced stage such that it is probable that customer will accept the claim; and
 - b) The amount that is probable will be accepted by the customer can be measured reliably.
- iv) Incentive payments, as per customer-specified performance standards, are included in contract revenue only when:
 - a) The contract is sufficiently advanced that it is probable that the specified performance standards will be met; and
 - b) The amount of the incentive payment can be measured reliably.
- v) Insurance claims are accounted for on cash basis.
- vi) Site mobilization (Camp) Expenditure for site installation is written off over the period of contract in proportion to the value of work done.
- vii) Income and expenses of previous years up to Rs. 10000/- are recognized in the same year. However income and expenses over and above Rs. 10000/- are accounted for as Prior Period item, which are also shown in a separate schedule in the financial statement.
- viii) Dividend income is accounted when the right to receive dividend is established.

d) Recognition of receipt on joint venture contracts:

In case of Construction Contracts received in the name of joint ventures the income and expenditure are included in financial statements of the company to the extent of share of the company in the joint ventures.

e) Fixed Assets and Depreciation:

- i) Fixed Assets are valued at cost less accumulated depreciation. Direct cost is inclusive of all expenditure of capital in nature attributable to bring the fixed assets to working conditions, duties and taxes, incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalized until fixed assets are ready for use.
- ii) Depreciation is provided for all assets except for vehicles on straight-line method and depreciation on vehicles is provided on written down value method at the rates specified in schedule XIV to the Companies Act, 1956, except Heavy Earthmoving Equipments, on which higher rate has been charged.
- iii) Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata up to the date on which such assets are sold, discarded or demolished.
- iv) Software used at Head office and work-shop are amortised over a period of three years and software used at Project sites are amortised over the project completion period.

f) Impairment of Assets:

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of carrying amount of company's fixed assets. If any indication exists, the recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable value.

An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting year is reversed if there has been a change in the estimate of recoverable amount.

g) Value of Inventories:

- i) Stock of material, Spare-parts, Diesel oil is valued at cost or net realizable value, whichever is less. Cost is determined on first-in-first-out basis.
- ii) Work in progress is valued at contract rate.

h) Retirement Benefits:

- i) Contribution to "Defined Contribution Schemes" such as Provident Fund is charged to the profit and loss account as incurred. Provident Fund contribution is made to the Government Administered Provident Fund. Company has no further obligation beyond this contribution charged in financial statement.
- ii) Company also provides for Retirement Benefits in the form of Gratuity. Such Benefits are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries. Company has taken Group Gratuity Policy of L.I.C. of India and Premium paid is recognized as expenses when it is incurred. Actuarial gains and loss in respect of Gratuity are charged to Profit & Loss Account.
- iii) Leave encashment is paid to employees on annual basis and recognized as expenses when it is incurred.

i) Investments:

Current investments are carried at the lower of cost or quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

j) Foreign Currency Transactions:

- i) Imported Machinery spare parts, Diesel and Raw materials are recorded at the exchange rate prevailing on the date of transaction and exchange rate difference arises on account of payment and foreign currency rate on balance-sheet date are charged/credited to Profit & Loss Account.
- ii) In case of advance received in foreign currency for construction projects in India, the exchange rate difference arises on account of repayment of advances received from customers are debited to foreign exchange rate difference and charged to Profit & Loss Account.
- iii) Any foreign currency exchange rate difference arises on account of deemed exports are debited to foreign exchange rate difference account and charged to Profit and Loss Account.
- iv) Exchange rate difference arising on account of payment made during current year for outstanding liability as on last day of previous financial year on account of imported spare parts & Raw materials are debited/credited to foreign exchange rate difference account and charged/credited to Profit & Loss Account.
- v) In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium or discount on forward contracts is recognized over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expenses for the period.

k) Borrowing Costs:

Borrowing Costs directly attributable and identifiable to the acquisition or construction of qualifying assets are capitalized till the date such qualifying assets are ready to be put to use. A qualifying asset is one that required substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit & Loss Account as period costs.

l) Income Taxes:

Tax Expenses comprise Current Tax and Deferred Tax.

Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.

Deferred Tax is recognized on timing difference being the differences between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. The tax effect is calculated on the accumulated timing difference at the year end based on the tax rates and laws enacted or substantially enacted on Balance Sheet date.

m) Provisions:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be outflow of resources.

n) Earning per share (EPS):

In carrying at the EPS, the company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of Equity Shares outstanding on the last day of the reporting period. In determining EPS, the company considers the net profit after tax and it includes the short provision of current tax and deferred tax of earlier year and the exceptional item. The EPS thus arrived is known as Basic EPS. To arrive at diluted EPS, net profit after tax, referred as above is increased by the amount of dividend, interest and other expenses that will be saved and reduced by the amount of income that will cease to accrue, on the conversion of the dilutive potential equity shares, is divided by average number of Equity Shares as computed above and weighted number average of Equity Share that could have been issued on conversion of shares/warrants having potentials dilute effect subject to the terms of the issue of those potential shares. The amounts of dividends, interest and other expenses or income are adjusted for any attributable taxes. The date of issue of such potential shares determined the amount of the weighted average number of potential shares.

o) Contingent Liabilities & contingent assets:

Contingent liabilities are not provided for and are disclosed by way of notes. Contingent assets are neither recognized nor disclosed in the financial statement.

p) General:

Accounting policies not specifically referred to are consistent with generally accepted accounting policies.

B. NOTES ON ACCOUNTS:

1) All amounts in the financial statements are presented in Rupees Lacs except per share data and as otherwise stated. Figures in brackets represent corresponding previous year figures in respect of Profit & Loss items and in respect of Balance Sheet items as on the Balance Sheet date of the previous year. Figures for the previous year have been regrouped/rearranged wherever considered necessary to confirm to the figures presented in the current year.

2) As the Company is engaged in Construction business, the provision of Para 3 and Para 4C of Part II of Schedule VI to The Companies Act, 1956 regarding quantitative details, licence capacity and installation capacity are not applicable.

3) In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realized in ordinary course of business. Provision for known liabilities are adequate and not in excess of the amount reasonably necessary.

4) Details of Securities given in respect of Secured Loans

1. Redeemable Non Convertible Debentures

The debentures are secured by the first legal Registered Mortgage and charge on the specific movable fixed assets of the Company and specific immovable properties i.e. Bunglow (Manorama Retreat) and Flat (Abhimanyu) belonging to the Company. The security has been created on the said assets on 29th May, 2009 and same has been registered with Registrar of Company on 2nd June, 2009.

2. Term Loans From Banks & Financial Institutions

Secured by way of hypothecation of specific machineries and equipments purchased.

3. Working Capital From Banks

- a. Secured by 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 alongwith furnitures, fixtures etc. owned by company and second charge on machineries owned by the company.
- c. Freehold land admeasuring 1,15,556 Sq. mts. of Group company Sadbhav Quarry Works Pvt. Ltd. situated at Tulsigam, Tal. Savli, Dist. Baroda.
- d. Corporate Guarantee of Group Company Sadbhav Quarry Works Pvt. Ltd.
- e. All the limits are also secured by Personal Guarantee and certain properties of Promoter Directors.

5) Deferred Tax Assets & Liabilities:

As per accounting standard-22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred Tax Assets/Liabilities arising are as follows:-

	(Rs. in Lacs)	
Particulars	2009-10	2008-09
Opening Balance of Deferred Tax Liability	1100.45	971.39
Add: Deferred Tax Liability/(Assets) accrued during the year Due to Timing difference of Depreciation	312.14	147.31
Less: Provision of Tax on Provision of Gratuity	(4.61)	(1.95)
Less: Deferred Tax Assets generated on QIP. Share Expense	----	(16.30)
Closing Balance of Deferred Tax Liability	1407.98	1100.45

6) Contingent Liability:

- a) The Company has given counter guarantee to the Bank for Rs. 85,427.56 Lacs (Rs. 45,012.06 Lacs) against the guarantee given by the Bank.
 - b) Demand under Orissa Sales Tax Act Rs. 4.55 Lacs (Rs. 4.55 Lacs).
 - c) Demand under Orissa Sales Tax Act for Entry Tax Rs. 0.75 Lacs (Rs. 0.75 Lacs).
 - d) Demand of Custom duty towards import of Machineries Rs.104.95 Lacs (Rs.104.95 Lacs).
 - e) Demand under Income Tax Act, 1961 Rs. 157.02 Lacs (Rs. 56.03 Lacs).
 - f) Demand under Service Tax Act, 1994 Rs. 67.29 Lacs (Rs. 67.29 Lacs).
 - g) Company has given corporate guarantee to HDFC bank against loan of Rs. 400 Lacs given by the bank to Seven Hills Construction and to ABN Amro bank against loan of Rs. 106.56 Lacs given to same party.
 - h) Company has given corporate guarantee to banks for Rs. 17,100 Lacs (Rs. 4,000 Lacs) against the finance facility given by the banks to our subsidiary companies.
 - i) The Regional Transport Officer, Surat (RTO) issued a notice for payment of road tax and penalty under the Bombay Motor Vehicles Act, 1958 on forty (40) dumpers used by the Company at the excavation of mining sites around Surat. The Company filed a Special Civil application in the Gujarat High Court against the Commissioner of Transport and the RTO. The Gujarat High Court directed Company to deposit the road tax (without penalty). The Company has complied with the order and has deposited Rs. 49.20 Lacs. The hearing of the matter has not yet commenced before authority. The Company has not made provision for penalty in its Books of Accounts.
 - j) Sarda Energy and Minerals Ltd. (Formerly known as Raipur Alloys Limited) has filed a suit for recovery of Rs. 46.42 Lacs 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 Lacs balance to be paid and filed Civil Suit at Civil Court, Nagpur. The company has challenged the jurisdiction of the court. The matter is pending before the Civil Court, Nagpur. Company has not made any provision for the said liability in its Books of Accounts.
 - k) The Finance Act, 2009 has amended an explanation of section 80(1A) of the Income Tax Act, 1961 by giving retrospectively effect from 01-04-2000. Due to aforesaid retrospective amendment estimated Tax liability would be Rs. 7.30 cr. For the A.Y. 2003-04 to A.Y. 2007-08. However, no demand notice has been raised by the department. (Refer Note No. 8).
- 7) Company is purchasing its bulk construction material like steel, cement, diesel and bitumen etc. from big government undertaking companies and private sector companies and hence there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the company owes any dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

- 8) The Finance Act, 2009 has amended an explanation of section 80(1A) of the Income Tax Act, 1961 by giving retrospectively effect from 01-04-2000. Assessment u/s 143(3) of the Income Tax Act for the A.Y. 2008-09 has been completed during the year and liability as per assessment order has been paid and provided in books of accounts by debiting Income Tax of earlier years. The Company has also provided liability of Income Tax for A.Y. 2009-10 by debiting Income Tax of earlier years. Tax liability for the current year has been provided as per the current tax provisions. The Company has received Notice u/s 148 of the Income Tax Act for re-opening of assessment for the A.Y. 2003-04 to A.Y. 2007-08, against which Company has filed a Special Civil Applications in the High Court of Gujarat and hence estimated tax liability of Rs. 7.30 Crores has not been provided in books of accounts.
- 9) As per Accounting Standard 18, "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the Related Parties as defined in the Accounting Standard are given below:

I. List of Related Parties

Associate Companies/Entities:

Sadbhav Finstock Pvt. Ltd., Sadbhav Quarry Works Pvt. Ltd., Sadbhav Public Charitable Trust, Santokba Trust, Dhule Palasner Tollway Limited.

Subsidiaries:

Ahmedabad Ring Road Infrastructure Limited, Sadbhav Infrastructure Project Limited, Aurnagabad-Jalna Tollway Limited, Nagpur-Seoni Express Way Limited, Maharashtra Border Check Post Network Ltd., Sadbhav Mining Limited, Mozambique, Rohtak-Panipat Tollway Pvt. Ltd, Bijapur-Hungund Tollway Pvt. Ltd, and Hyderabad-Yadgiri Tollway Pvt. Ltd.

Joint Ventures:

Sadbhav-Prakash JV, HCC-SEL JV, Jilin-Sadbhav JV, JMC-Sadbhav JV & SEL-GKC JV

Key Management Personnel:

Shri Vishnubhai M. Patel, Shri Girish N. Patel, Shri Nitin R. Patel, Shri Shashinbhai V. Patel, Smt. Rajeshriben Patel

Relatives of Key Management Personnel and Enterprises over which Relatives of Key Managerial Persons having significant influence:

Smt. Shantaben V. Patel, Montecarlo Construction Ltd., V. M. Patel (HUF), Sarjan Infracon Pvt. Ltd., Shri Vikram R. Patel, Shri Vasistha C. Patel, Veer Trans

II. Transactions with Related Parties:

(Rs. in Lacs)

Transactions	Subsidiary	Associates	Key Management Personnel	Relative of Key Management Personnel and Enterprises over which Relatives of Key Managerial Persons having significant influence	Joint Venture
Sub contracting Income	13872.75 (17644.08)	4986.07 (--)	--- (--)	--- (--)	6303.01 (6955.69)
Receiving of services	24.60 (24.60)	--- (--)	--- (--)	--- (--)	--- (--)
Balance Receivable at the year end	1545.86 (365.24)	1971.07 (--)	--- (--)	--- (--)	1266.53 (1356.10)
Sub contracting Expenditure	--- (--)	--- (--)	--- (--)	1952.80 (8093.19)	--- (--)
Remuneration Paid	--- (--)	--- (--)	202.27 (75.42)	--- (--)	--- (--)
Interest paid	--- (56.46)	17.21 (8.51)	--- (--)	--- (--)	--- (--)
Rent & Service charges paid	--- (--)	--- (--)	--- (--)	6.99 (6.75)	--- (--)
Fixed Assets Purchases/(sales)	6.49 (--)	--- (--)	--- (--)	84.4 (--)	--- (--)
Other Expenses	--- (--)	52.00 (25.00)	--- (--)	--- (--)	--- (--)
Balance Payable at the year end	--- (--)	--- (--)	--- (--)	35.52 (349.57)	--- (--)
Loan given during the year	19213.79 (9964.17)	--- (--)	--- (--)	--- (--)	--- (--)
Interest Recd. On Loan	354.71 (572.53)	--- (--)	--- (--)	--- (--)	--- (--)
Loan Outstanding at the year end	14230.17 (7369.26)	--- (--)	--- (--)	--- (--)	--- (--)
Deposit Received during the year	14146.27 (7327.76)	2922.06 (267.01)	--- (2.00)	840.02 (5.64)	4.87 (3043.25)
Deposit repaid during the year	1114.17 (8593.44)	690.94 (267.01)	--- (14.10)	800.00 (22.59)	562.56 (1793.33)
Closing Balance: Deposits Received	16310.46 (3278.36)	2231.12 (--)	--- (--)	42.83 (5.64)	618.45 (1176.13)
Dividend Paid during the year	--- (--)	26.99 (26.99)	135.18 (147.18)	75.00 (63.60)	--- (--)

NOTE:-

1. Sub – Contract Expenditure of relatives of Key Managerial Personnel includes Rs. 1737.77 Lacs (Rs. 135.23) payable to Sarjan Infracon. and Rs. 215.03 (NIL) to Veer Trans, at the year end Rs. 8.59 Lacs (Rs. 20.00 Lacs) and Rs. 51.83 (NIL) are outstanding respectively of the above parties.

10) Disclosures as per Clause 32 of the Listing Agreements with the stock exchanges

a) Loans given to Subsidiaries having no repayment schedule,

(Rs. in Lacs)

Name of Subsidiary Company	2009-10		2008-09	
	Maximum Balance	Closing Balance	Maximum Balance	Closing Balance
Aurnagabad-Jalna Tollway Ltd.	1466.70	1419.70	737.34	456.44
Maharashtra Border Check Post Network Ltd.	4491.56	4484.36	0.52	0.52
Nagpur-Seoni Expressway Ltd.	4984.87	4962.88	2013.30	203.30
Sadbhav Infrastructure Proj. Ltd.	3412.86	3363.23	62.50	62.50

(Note :- Loans to Subsidiaries includes interest free loan to Aurangabad-Jalna Tollway Ltd. to the tune of Rs. 1419.70 Lacs).

b) Company has not given any loans and advances to any associates and firms/companies in which directors are interested.

c) None of the loanees have made investments in shares of the Company.

11) There was no impairment loss on fixed assets on the basis of review carried out by the management in accordance with Accounting Standard-28 issued by the Institute of Chartered Accountants of India.

12) Investment:

- During the year Company invested unutilized Q.I.P. issue proceeds in high quality interest/dividend bearing liquid Quoted Money Market Mutual Funds till the date of full utilization of QIP Proceeds.
- Income earned from above investment is Rs. 46.88 Lacs (Rs. 116.99 Lacs.).
- 25,10,400 Shares has been pledged out of 83,67,940 shares held in Ahmedabad Ring Road Infrastructure Ltd. with their lenders.
- 5,14,496 Shares has been pledged out of 10,05,207 shares held in Aurangabad Jalna Tollway Ltd. with their lenders.
- 96,00,000 Shares has been pledged out of 2,44,79,940 shares held in Nagpur Seoni Expressway Ltd. with their lenders.
- Entire 1,04,00,000 shares held in Mumbai Nasik Expressway Ltd., are pledged with lenders of Mumbai Nasik Expressway Ltd
- Movement in investments made by the Company during the year :

(Rs. in Lacs)

Name of the Investment	Purchased during the year		Sold during the year	
	Units	Amount	Units	Amount
Sadbhav Mining Limitada, Mozambique	--- (---)	--- (0.80)	--- (---)	--- (---)
Ahmedabad Ring Road Infrastructure Ltd.	--- (1667140)	--- (833.59)	--- (---)	--- (---)
Aurangabad-Jalna Tollway Ltd.	--- (979737)	--- (2792.25)	--- (---)	--- (---)
Nagpur-Seoni Express Way Ltd.	--- (24429000)	--- (2442.9)	--- (---)	--- (---)
Maharashtra Border Check Post Network Ltd.	19500 (25440)	2209.67 (2.54)	--- (---)	--- (---)
Sadbhav Natural Resources Pvt. Ltd.	--- (10000)	--- (1.00)	--- (10000)	--- (1.00)
Ocean Bright Corporation, Hongkong.	--- (900)	--- (0.06)	--- (910)	--- (---)
Hyderabad-Yadgiri Tollway Pvt. Limited.	9990 (---)	1.00 (---)	--- (---)	--- (---)
Bijapur-Hungund Tollway Pvt. Ltd.	15390 (---)	1.54 (---)	--- (---)	--- (---)
Rohtak-Panipat Tollway Pvt. Ltd.	9990 (---)	1.00 (---)	--- (---)	--- (---)
Dhule Palasner Tollway Ltd.	130000 (---)	13.00 (---)	--- (---)	--- (---)
AIG India Treasury Fund	--- (4738605)	--- (489)	--- (4738605)	--- (489)
Birla Sun Life Short Term Fund	--- (2017244)	--- (205.54)	--- (2017244)	--- (205.54)
Birla Sun Life Qtly. Interval Series-I	--- (1866821)	--- (200)	--- (1866821)	--- (200)
DSP Black Rock Series - 13	--- (4000000)	--- (400)	--- (4000000)	--- (400)
Fortis Interval Fund Qtly. Plan	--- (4782218)	--- (500)	--- (4782218)	--- (500)
HDFC Cash Management Fund	--- (4053090)	--- (565)	1561646 (2491444)	304.35(265)
ICICI Prudential Floating Rate Growth	--- (2922353)	--- (400)	2922353 (---)	407.82 (---)
Mirae Asset Ultra Short Term Bond Fund	--- (9560)	--- (100)	--- (9560)	--- (100)
Principal Floating Rate Fund SMP-Institutional	--- (9899307)	--- (990)	--- (9899307)	--- (990)
Principal Floating Rate Fund FMP	--- (1000000)	--- (100)	--- (1000000)	--- (100.00)
SBI Debt Fund Series	--- (4000000)	--- (400)	--- (4000000)	--- (400)

Name of the Investment	Purchased during the year		Sold during the year	
	Units	Amount	Units	Amount
UTI Fixed Income Interval Fund Series II	--- (1500000)	--- (150)	1500000 (---)	167.10 (---)
UTI Money Market Fund	--- (1656121)	--- (364.81)	--- (1656121)	--- (364.81)
Reliance Qtly. Interval Series Fund-III	--- (---)	--- (---)	--- (6999680)	--- (700)
Reliance Medium Term Fund	--- (3707723)	--- (662)	2831893 (875831)	523.41 (150)
Canara Robeco Interval Fund	--- (---)	---(---)	--- (1251450)	--- (125)
ING Liquid Fund Institutional	--- (---)	--- (---)	--- (4998351)	--- (500)
Kotak Floater Long Term	--- (1359154)	--- (137)	1359154 (---)	138.08 (---)
Reliance Money Manager Fund	333022 (---)	3334 (---)	333022 (---)	3339.12 (---)
Templton India Treasury	--- (---)	--- (---)	--- (27993)	--- (280)

- 13) As per the Accounting Standard-27 'Financial Reporting of Interest in Joint Venture' issued by the Institute of Chartered Accountants of India, Joint Ventures entered into by the Company are as follows:

Sr. No.	Name of Joint Venture	Description of Interest	% of Involvement
1	Sadbhav-Prakash	Jointly controlled operation	50%
2	HCC-SEL	Jointly controlled operation	35%
3	Jilin-Sadbhav	Jointly controlled operation	48%
4	JMC-Sadbhav	Jointly controlled operation	49.50%
5	SEL-GKC (Vishakapatnam Project)	Jointly Controlled Operation	50%
6	SEL-GKC (Karimnagar Project)	Jointly Controlled Operation	52%

- 14) Details of proportionate share in the Assets, Liabilities, Income and Expenditure of the Company in its Joint Venture Entity is given below:

Name of the Joint Venture Entity	% of Holding	Assets	Liabilities	Income	Expenditure
Mumbai Nasik Expressway Limited	20% (20%)	14793.50 (12432.05)	12749.99 (10727.29)	-- (--)	-- (--)
Dhule Palasner Tollway Ltd.	37% (--)	6921.89 (--)	5995.78 (--)	-- (--)	-- (--)

Note:- All above figures are provisional as the audited accounts of the above companies are not available at time of signing the annual accounts of the company.

- 15) In terms of the disclosures required to be made under the accounting standard (AS) 7 (revised 2002) issued by the Institute of Chartered Accountants of India for 'Construction Contracts', the amounts considered in the financial statements upto the reporting date are as follows:

	As At 31-03-2010	As At 31-03-2009
(1) Amount of Contract Revenue recognised as revenue during the period	125653.54	106091.83
(2) Disclosure in respect of Contract in Progress at the reporting date		
(a) Contract cost incurred and recognised profit less recognised losses upto the reporting date	282911.90	162179.33
(b) Advances Received	32416.99	13376.14
(c) Retention Amount	3935.83	3349.16
(3) Amount due from Customers for Contract in Progress	22413.54	11461.18
(4) Amount due to Customers for Contract in Progress	Nil	Nil

16) Construction material and store consumed:

(Rs. in Lacs)

Particulars	2009-10		2008-09	
	Value	%	Value	%
Imported	0.00	0.00%	0.00	0.00%
Indigenous	21247.24	100.00%	27802.50	100.00%
Total	21247.24	100.00%	27802.50	100.00%

17) C.I.F. Value of Imports:

(Rs. in Lacs)

	Current Year	Previous Year
(i) Spares Parts	NIL	NIL
(ii) Construction Material (Bitumen)	NIL	NIL
(iii) Capital goods (Machineries)	42.97	1167.77

18) Expenditure in Foreign currencies:

(Rs. in Lacs)

	Current Year	Previous Year
(i) Traveling Expenses	3.05	26.13
(ii) Interest	61.42	NIL
(iii) Dividend	115.93	130.04

(During the year company has paid dividend to 15 (16) F.I.I. and 122 (161) Non Resident Indian on 28,78,839 shares (32,17,879 shares) and 19508 shares (33080 shares) respectively.)

19) Earning of foreign exchange on account of:

(Rs. in Lacs)

	Current Year	Previous Year
Exports (Deemed exports)	20.70	NIL
Interest Received	448.05	NIL

20) Employee Benefits:

As per Accounting Standard -15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard is given as below:

(a) Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expenses for the year is as under

Particulars	2009-10	2008-09
Employer's Contribution to Provident Fund	42,47,416/-	22,66,337/-

(b) Defined Benefit Plan:

The company made annual contributions to the employee's Group Gratuity cash accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees.

The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method as per actuarial valuation carried out at balance sheet date.

The following tables sets out the funded status of the gratuity plan and the amount recognised by the company's financial statements as at March 31, 2010.

I. Net Assets /Liability recognized in the Balance Sheet are as follows:

(Rs. in Lacs)

	2009-10	2008-09
(a) Present Value Funded Obligations	94.83	68.41
(b) Fair Value of Plan Assets	55.10	42.23
(c) Liability Recognized in the Balance Sheet	39.73	26.18

II. Expenses recognized in the statement of Profit & Loss Account (Under the head "Expenses on Employees - Contribution to Provident & Other Funds"-Refer Schedule-20) (Rs. in Lacs)

	2009-10	2008-09
(a) Current Service Cost	19.46	8.02
(b) Interest on obligation	5.65	4.11
(c) Expected Return on plan assets	(4.21)	(2.93)
(d) Net Actuarial Losses / (Gains) recognized in the year	3.88	(2.01)
(e) Past Service Cost	NIL	NIL
(f) Losses/Gain on curtailment & Settlement	NIL	NIL
NET GRATUITY COST	24.78	7.19

III. Reconciliation of Opening & Closing balance of Gratuity is as follows: (Rs. in Lacs)

	2009-10	2008-09
(a) Opening Defined Benefit Obligation	68.41	54.75
(b) Service Cost for the year	19.46	8.02
(c) Interest Cost for the year	5.64	4.10
(d) Actuarial Losses	3.47	1.54
(e) Benefits Paid	(2.15)	NIL
(f) Closing Defined Benefit obligation	94.83	68.41

IV. Reconciliation of Opening & Closing Balance of Fair Value of Plan Assets: (Rs. in Lacs)

	2009-10	2008-09
(a) Opening fair value of plan assets	42.23	22.82
(b) Expected Return	4.21	2.93
(c) Actuarial Gains	(0.41)	3.55
(d) Contribution by the employer	11.11	12.93
(d) Benefits paid	(2.04)	NIL
(e) Closing fair value of the plan assets	55.10	42.23

V. Major Category of plan assets as a percentage of total plan assets as on 31-03-2010 are as under

	2009-10	2008-09
(a) Government of India Securities	-	-
(b) High Quality Corporate Bonds	-	-
(c) Equity Shares of Listed Companies	-	-
(d) Property	-	-
(f) Policy administered by L.I.C. of India	100%	100%
(g) Bank Balance	-	-

VI. Principal Actuarial assumptions at the Balance Sheet Date:

	2009-10	2008-09
(a) Discount Rate as on 31-03-2010	8.25%	7.50%
(b) Expected return on plan assets at 31-03-2010	9.00%	9.00%
(c) Proportion of employees opting for early retirement	-	-
• At Younger Ages	5.00%	5.00%
• At Older Ages	1.00%	1.00%
(d) Annual increase in salary cost	6.00%	6.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

21) Borrowing Cost:

During reported year, company has capitalized borrowing cost Rs. NIL (NIL) according to AS-16 Borrowing Cost.

22) As per Accounting Standard-17, "Segment Reporting" issued by The Institute of Chartered Accountants of India, Company who is dealing in multiple products/service and operates in different geographical areas are required to report under this Accounting Standard, hence no disclosure is required as the company operates in a single primary business segment namely "Engineering, Construction & Infrastructure development" activities and at single geographical area namely India.

23) Remuneration to Managing Director is paid on monthly basis and therefore statement showing computation of net profit U/s 349 of the Companies Act, 1956 is not given.

24) Payment to Auditors:

(Rs. in Lacs)

	Current Year	Previous Year
(i) Audit Fees	8.82	6.00
(ii) Tax Audit Fees	1.65	1.50
(iii) Certification & Other Fees	2.13	2.00
(iv) Reimbursement of Expenses	0.18	0.17
Total	12.78	9.67

25) Earning Per Share (EPS)**(a) Calculation of Net Profit for Basic & Diluted EPS**

Particulars	2009-10	2008-09
Net Profit after Tax as per P&L Account	5384.23	6330.25
Add: Interest that would have been saved on exercise of Warrant (Net of Tax)	0.00	0.00
Net Profit attributable to Equity Shares after dilution effect	5384.23	6330.25
Basic & Diluted EPS	43.07	50.64

(b) Calculation of Weighted and Diluted Shares

Particulars	2009-10	2008-09
Shares outstanding as on 1st day of year	12500000	12500000
Add: Fresh Shares issued during the year	0	0
Weightage Average No. of Shares Outstanding	12500000	12500000
Add: Issue of Warrant that would have been converted in Equity Shares	0	0
No. of Equity Shares used to calculate the Diluted EPS	12500000	12500000
(Face Value of Share)	10/-	10/-

Signatories to Schedule 1 to 23

As per our Audit Report of even date attached

For and on behalf of Board

For Shashikant Patel Associates

Chartered Accountants

Firm Reg. No. 113672W

V. M. Patel

Managing Director

Nitin R. Patel

Executive Director

S. D. PATEL

Proprietor

Membership No. 37671

Place : Ahmedabad

Date : 21-05-2010

Shashin V. Patel

Jt. Managing Director

Vijay Kalyani

Company Secretary

Cash Flow Statement for the Year 2009-2010

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit after Tax as per Profit and loss account	5384.23	6329.44
Adjustments For :		
Net Interest Expenses	2383.63	1279.00
Depreciation	2325.21	1568.08
Preliminary Expenses	84.89	86.06
Profit on sale of Assets	(326.48)	(100.33)
Loss on sale of Assets	144.54	155.29
Income Tax Provision	4103.64	1820.01
Wealth Tax Provision	0.92	0.82
Fringe Benefit Tax Provision	0.00	14.10
Deferred Tax Liabilities/(Assets)	307.53	129.06
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	14408.11	11281.53
Adjustment For :		
Trade & other Receivable	(16488.73)	(10884.33)
Inventories	(2644.05)	1991.61
Work in Progress	0.00	3754.86
Loans & Advances	(9533.64)	(4987.57)
Trade Payable	26823.42	5485.50
Cash generated from Operations	12565.11	6641.60
Tax Paid	(3933.23)	(2345.03)
Net Cash From Operating Activities	8631.88	4296.57
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase of Fixed Assets	(8401.18)	(4223.76)
Sales of Fixed Assets	703.35	1448.24
Investments in Subsidiary Companies	(2805.50)	(2520.22)
Investments in Associate Companies	(646.10)	0.00
Investments against QIP Proceeds	1499.00	2106.00
Other Investments	0.00	0.08
Investment in Fixed Deposits against Margin	(71.68)	69.24
Loan to Subsidiary Companies	(13507.41)	1300.84
Loan to Others	(336.67)	(6646.50)
Interest Received	898.19	862.31
Net Cash From Investing Activities	(22668.00)	(7603.78)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds From Borrowings (NET)	104854.91	15454.03
Repayment of Borrowings	(83579.00)	(9374.35)
Interest Paid	(3246.07)	(2141.31)
Dividend Paid	(500.00)	(500.00)
Dividend Tax Paid	(84.98)	(84.98)
Net Cash From Financing Activities	17444.86	3353.39
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	3408.74	46.18
OPENING BALANCE OF CASH & CASH EQUIVALENTS	975.20	929.02
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	4383.94	975.20
COMPONENTS OF CASH & CASH EQUIVALENTS		
CASH ON HAND	7.02	6.04
BALANCE IN CURRENT ACCOUNT WITH BANKS	3995.79	437.83
BALANCE IN FIXED DEPOSITS NOT KEPT AS MARGIN	381.13	531.33

As per our Audit Report of even date attached

For and on behalf of Board

For Shashikant Patel Associates

Chartered Accountants
Firm Reg. No. 113672W

V. M. Patel

Managing Director

Nitin R. Patel

Executive Director

S. D. PATEL

Proprietor
Membership No. 37671

Place : Ahmedabad

Date : 21-05-2010

Shashin V. Patel

Jt. Managing Director

Vijay Kalyani

Company Secretary

Information Pursuant to Part IV of Schedule VI of Company Act, 1956

Balance Sheet Abstract and Company's General Business Profile

1. REGISTRATION DETAILS

CIN
 State Code
 Balance Sheet Date

2. CAPITAL RAISED DURING THE YEAR (Rupees in Thousands)

Public Issue
 Right Issue
 Bonus Issue
 Private Placement

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rupees in Thousands)

Total Liabilities	<input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/>	Total Assets	<input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/>
Sources of Funds		Application of Funds	
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Net Fixed Assets	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>
Reserves & Surplus	<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/>	Investments	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="7"/>
Secured Loans	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="8"/>	Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Unsecured Loans	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/>	Net Current Assets	<input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="9"/>
Deferred Tax Liability	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="8"/>	Miscellaneous Expenses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

4. PERFORMANCE OF COMPANY (Rupees in Thousands)

Turnover / Income	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="9"/>	Profit after tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="8"/>
Total Expenditure	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="7"/>	Earning per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="7"/>
Profit before tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="2"/>	Dividend Rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>

5. GENERIC NAME OF THREE PRINCIPAL SERVICE OF THE COMPANY :

Production Description Construction of

Statement Pursuant to Section 212 of the Companies Act, 1956

To Company's Interest in the Subsidiary Companies.

Sr. No.	Name of the Subsidiary	Ahmedabad Ring Road Infrastructure Ltd.	Aurangabad-Jalna Toll Way Ltd.	Nagpur-Seoni Expressway Ltd.	Sadbhav Infrastructure Project Ltd.	Maharastra Border Check Post Network Ltd.	Sadbhav Mining Limitada	Rohtak-Panipat Tollway Pvt.Ltd.	Hyderabad-Yadgiri Tollway Pvt.Ltd.	Bijapur-Hungund TollWay Pvt.Ltd.
1.	Financial Year of the Subsidiary enden on	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010	Note-1	Note-1	Note-1
2.	Shares of the subsidiary held by the company on the above date									
a.	Number and face value (Note-2)	8367940	1005207	24479940	49940	44940	Note-3	9990	9990	15390
b.	Extent of holding	80%	51%	51%	100%	90%	100%	100%	100%	77%
3.	Net aggregate amount of Profit/(Loss) of the subsidiary for the above financial period so far as the concern members of the company									
a.	Dealt with in the accounts of the Company for the year ended 31-03-2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b.	Not dealt within the account of the Company for the year ended on 31-03-2010	(1508.88) lacs	(598.21) lacs	Nil	351.32 lacs	(0.60) lacs	Nil	Nil	Nil	Nil
4.	Net aggregating amount of Profit/(Losses) for the previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the company:									
a.	Dealt with in the accounts of the Company for the year ended 31-03-2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b.	Not dealt within the account of the Company for the year ended on 31-03-2010	(2009.08) lacs	Nil	Nil	(3.49) lacs	Nil	Nil	Nil	Nil	Nil

Notes :

- Hyderabad-Yadgiri TollWay Pvt.Ltd., Rohtak-Panipat Tollway Pvt.Ltd. and Bijapur-Hungund Tollway Pvt. Ltd. was incorporated on 20th January, 2010, 25th January, 2010 and 22nd February, 2010. Their first financial year would end on 31st March 2011.
- All the Companies have face value of Rs. 10 each, save and except for Sadbhav Mining Limitada where the value is represented in amount only and no specific face value has been defined as per local laws, applicable to the Company.
- Amount of investment made in Sadbhav Mining Limitada is Rs. 80,396 (50000 MTn @ Rs. 1.608 per MTn).

For and on behalf of Board

V. M. Patel
Managing Director

Nitin R. Patel
Executive Director

Place : Ahmedabad
Date : May 21, 2010

Shashin V. Patel
Jt. Managing Director

Vijay Kalyani
Company Secretary

Details of Subsidiary Companies

(Pursuant to letter No. 47/343/2010-CL-III dated 04th May, 2010 of Ministry of Corporate Affairs, Government of India)

(Rs. in Lacs)

Name of the Subsidiary Company	Ahmedabad Ring Road Infrastructure Ltd.	Aurangabad-Jalna Tollway Ltd.	Nagpur-Seoni Expressway Ltd.	Sadbhav Infrastructure Project Ltd.	Sadbhav Mining Limitada	Maharastra Border Check Post Network Ltd.	Total
Capital	1046.00	197.10	4800.00	5.00	0.80	5.00	6053.90
Share Application Money	0.00	0.00	979.60	0.00	0.00	0.00	979.60
Reserves	7764.00	5282.90	0.00	347.83	0.00	0.00	13394.73
Total Assets	49075.96	26434.52	27855.79	3718.73	0.00	34765.00	141850.00
Total Liabilities	49075.96	26434.52	27855.79	3718.73	0.00	34765.00	141850.00
Investments	1838.59	0.00	0.00	32.91	0.00	4481.89	6353.39
Turnover	5329.24	1236.53	0.00	1951.80	0.00	0.00	8517.57
Profit/ (Loss) Before Taxation	(1886.10)	(1172.97)	0.00	525.51	0.00	(0.67)	(2534.23)
Provision for Taxation	0.00	0.00	0.00	174.19	0.00	0.00	174.19
Profit/(Loss) After Taxation	(1886.10)	(1172.97)	0.00	351.32	0.00	(0.67)	(2708.42)
Proposed Dividend	0	0	0	0	0	0	0

***Consolidated
Financial
Statements***

Auditors' Report on the Consolidated Financial Statements

To,
The Board of Directors of
Sadbhav Engineering Limited

We have examined the attached Consolidated Balance Sheet of Sadbhav Engineering Limited, its subsidiaries, Ahmedabad Ring Road Infrastructure Limited, Nagpur-Seoni Express Way Limited, Aurangabad-Jalna Tollway Limited, Sadbhav Infrastructure Project Limited and Maharashtra Border Check Post Network Limited, as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Sadbhav Engineering Limited's Management; our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Ahmedabad Ring Road Infrastructure Limited, Nagpur-Seoni Express Way Limited, Aurangabad-Jalna Tollway Limited, Sadbhav Infrastructure Project Limited and Maharashtra Border Check Post Network Limited, whose financial statements reflect total assets of Rs. 1418.50 crores at 31st March 2010 and total in revenue of Rs. 85.18 crores and Loss of Rs. 27.08 crores in these financial statements. These financial statements have been audited by other auditors whose report have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the said audited Subsidiaries are based solely on the Report of the other auditors.

We report that the consolidated financial statements have been prepared by the Sadbhav Engineering Ltd Management in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements, Accounting Standard (AS) 23 Accounting for Investments in Associates in the Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interest in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of its Subsidiaries Ahmedabad Ring Road Infrastructure Limited, Nagpur-Seoni Express Way Limited, Aurangabad-Jalna Tollway Limited, Sadbhav Infrastructure Project Limited and Maharashtra Border Check Post Network Limited, included in the Consolidated Financial Statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of its aforesaid Subsidiary, we are of the opinion that:

- a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the SEL Group as at 31st March 2010.
- b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the SEL Group for the year then ended; and
- c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the SEL Group for the year then ended.

For SHASHIKANT PATEL ASSOCIATES
Chartered Accountants
Firm Reg. No. 113672W

(S. D. PATEL)
PROPRIETOR
Membership No. 37671

Place : Ahmedabad
Date : May 21, 2010

Consolidated Balance Sheet as at March 31, 2010

(Rs. in Lacs)

	Schedule	As at 31-03-2010	As at 31-03-2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1250.00	1250.00
Reserves & Surplus	2	34804.59	33967.57
Minority Interest	3	5825.47	6776.94
		41880.06	41994.51
LOAN FUNDS			
Secured Loans	4	129124.44	93289.91
Unsecured Loans	5	16418.91	538.05
		145543.35	93827.96
Deffered Tax Liability		1410.64	1100.45
TOTAL		188834.05	136922.92
APPLICATION OF FUNDS			
FIXED ASSETS:	6		
Gross Block		108132.55	73976.31
Less: Depreciation		19209.10	14289.95
Net Block		88923.45	59686.36
CAPITAL WORK IN PROGRESS		41082.27	41492.68
INVESTMENTS	7	8638.68	2545.00
CURRENTS ASSETS, LOANS AND ADVANCES:			
Inventories	8	5835.08	2755.03
Sundry Debtors	9	44081.20	27504.96
Cash & Bank Balances	10	5068.12	3241.50
Other Current Assets	11	4641.13	1592.54
Loans & Advances	12	36951.09	26645.12
		96576.62	61739.15
Less: CURRENT LIABILITIES AND PROVISIONS	13		
Current Liabilities		45753.50	23882.99
Provisions		668.99	4786.81
NET CURRENT ASSETS		50154.13	33069.35
MISCELLANEOUS EXPENDITURE	14		
(To the extent not written off)		35.52	129.53
TOTAL		188834.05	136922.92

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 23

As per our Audit Report of even date attached

For and on behalf of Board

For Shashikant Patel Associates

Chartered Accountants
Firm Reg. No. 113672W

V. M. Patel

Managing Director

Nitin R. Patel

Executive Director

S. D. PATEL

Proprietor
Membership No. 37671

Place : Ahmedabad

Date : 21-05-2010

Shashin V. Patel

Jt. Managing Director

Vijay Kalyani

Company Secretary

Consolidated Profit and Loss Account for the Year Ended March 31, 2010

(Rs. in Lacs)			
	Schedule	2009-2010	2008-2009
INCOME			
Income from Operations	15	133438.01	109893.26
Increase /(Decrease) in Work in progress	16	436.00	(226.58)
Other Income	17	1985.38	1259.59
		135859.39	110926.27
EXPENDITURE			
Material Consumed	18	21185.58	27409.72
Construction, Toll Plaza and Road Maintenance Expenses	19	85051.64	62831.40
Administrative & Other Expenses	20	9588.99	5455.72
Interest & Financial Charges	21	11319.60	6176.40
Depreciation		5644.91	3779.56
Preliminary Expenses Written off		94.68	86.36
Prior Period Adjustments	22	(141.10)	31.00
		132744.30	105770.16
Less: Transferred to Capital Work In Progress		4146.99	589.59
		128597.31	105180.57
PROFIT/ (LOSS) BEFORE TAX		7262.08	5745.70
Provision for Taxation:			
Current Tax including wealth Tax Rs. 0.92 Lacs (Rs. 0.95 Lacs)		3141.53	1780.95
Deffered Tax		310.19	129.06
Fringe Benefit Tax		0.00	16.38
PROFIT AFTER TAX		3810.36	3819.31
Add/(Less):			
Excess/(Short) Provision of Taxation for Earlier Years		(1134.55)	(40.01)
NET PROFIT FOR THE YEAR		2675.81	3779.30
Add/(Less): Share of (Profit)/ Loss Transferred to Minority Interest		951.98	509.34
Net Profit for the year after Minority Interest		3627.79	4288.64
Balance Brought Forward from last year		11692.42	8653.56
		15320.21	12942.20
APPROPRIATIONS			
Transfer to General Reserve		650.00	650.00
Transfer to Debenture Redemption Reserve		600.00	14.80
Proposed Dividend		500.00	500.00
Tax on Proposed Dividend		83.04	84.98
Balance carried to Balance Sheet		13487.17	11692.42
Weighted Average Number of Equity Shares		12500000	12500000
Weighted Average Number of Dilutive Equity Shares		12500000	12500000
Nominal Value per Equity Shares		10.00	10.00
Basic Earning / (Loss) Per Share		29.02	34.31
Diluted Earning / (Loss) Per Share		29.02	34.31
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	23		

As per our Audit Report of even date attached

For and on behalf of Board

For Shashikant Patel Associates

Chartered Accountants
Firm Reg. No. 113672W

V. M. Patel

Managing Director

Nitin R. Patel

Executive Director

S. D. PATEL

Proprietor
Membership No. 37671

Place : Ahmedabad
Date : 21-05-2010

Shashin V. Patel

Jt. Managing Director

Vijay Kalyani

Company Secretary

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2010

(Rs. in Lacs)

	As at 31-03-2010	As at 31-03-2009
SCHEDULE-1		
SHARE CAPITAL		
AUTHORIZED		
2,00,00,000 (1,50,00,000) Equity Shares of Rs. 10/- each	2000.00	1500.00
ISSUED, SUBSCRIBED AND PAID UP		
1,25,00,000 (1,25,00,000) Equity Shares of Rs. 10/- each	1250.00	1250.00
Total	1250.00	1250.00
SCHEDULE-2		
RESERVES & SURPLUS		
Capital Reserve		
As per Last Balance Sheet	3225.00	2880.00
Additions during the year	0.00	345.00
Less:- Goodwill created during the year	(2207.73)	0.00
	1017.27	3225.00
Security Premium Account		
As per Last Balance Sheet	14875.17	14875.17
Add: Addition during the year	0.00	0.00
	14875.17	14875.17
Debenture Redemption Reserve		
As per Last Balance Sheet	14.80	14.80
Add: Addition during the year	600.00	0.00
	614.80	14.80
General Reserve		
As per Last Balance Sheet	4160.18	3510.18
Add: Transferred from Profit & Loss A/c	650.00	650.00
	4810.18	4160.18
Profit & Loss Account	13487.17	11692.42
Total	34804.59	33967.57
SCHEDULE-3		
MINORITY INTEREST		
Opening Balance	6776.95	5223.13
Add: Fresh Credits on account of Share Capital	0.51	2482.92
Add: Fresh Credits on account of Share Application Money	0.00	(3175.11)
Add: Share of Profit/(Loss) during the year	(951.99)	(509.34)
Add: Share of Security Premium	0.00	2755.34
Total	5825.47	6776.94
SCHEDULE-4		
SECURED LOANS		
11.95% SECURED REDEEMABLE NON CONVERTIBLE DEBENTURES		
Life Insurance Corp. of India (300 Debentures of Rs. 10 Lacs each)	3000.00	3000.00
TERM LOANS		
From Bank	95072.27	63421.86
From Financial Institutions	9648.39	8756.83
Earth Moving Equipments and Vehicles Loans from Banks	6532.62	1885.94
Earth Moving Equipments and Vehicles Loans from Financial Institutions	3370.18	4123.76
Working Capital Loans		
Short Term Demand Loan	6750.00	4180.00
Cash Credit Facility	4715.23	7921.52
Interest Accrued on Short Term Loans	35.75	0.00
Total	129124.44	93289.91

Note: Details of Security Charged on above loans are given in Notes on Accounts No. 04.

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2010

(Rs. in Lacs)

	As at 31-03-2010	As at 31-03-2009
SCHEDULE-5		
UNSECURED LOANS		
DEPOSIT		
From Others	1417.60	453.82
Deferred Payment Credit	45.32	84.23
WORKING CAPITAL LOANS		
From Banks	14000.84	0.00
From Financial Institutions & Others	955.15	0.00
Total	16418.91	538.05

SCHEDULE-6

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2009	ADDITION	DEDUCTION	UP TO 31.03.2010	UP TO 01.04.2009	FOR THE CURRENT YR.	DEDUCTIONS/ ADJUSTMENTS	UP TO 31.03.2010	AS ON 31.03.2010	AS ON 31.03.2009
Tangible Assets										
Land-Free Hold	164.50	0.00	0.00	164.50	0.00	0.00	0.00	0.00	164.50	164.50
Building	463.43	810.63	0.00	1274.06	92.08	32.73	0.00	124.81	1149.25	371.35
Toll Booth	0.00	97.85	0.00	97.85	0.00	2.09	0.00	2.09	95.77	0.00
Furniture	148.67	121.04	1.11	268.60	38.10	16.13	0.87	53.36	215.25	110.57
Office Equipments	375.12	84.88	0.72	459.28	99.20	55.85	0.17	154.88	304.41	275.92
Machineries	24732.25	8101.52	1225.79	31607.98	10144.74	1752.53	707.42	11189.85	20418.13	14587.51
Vehicles	610.30	208.56	26.17	792.69	361.92	77.80	17.27	422.45	370.24	248.38
Computer Software	0.00	611.65	0.00	611.65	0.00	449.86	0.00	449.86	161.79	0.00
Machinery Not put to use	547.09	69.88	547.09	69.88	0.00	0.00	0.00	0.00	69.88	547.09
Intangible Assets										
Right for Toll Collection Two Lane	23000.00	25835.32	0.00	48835.32	2583.56	1964.00	0.00	4547.56	44287.76	20416.44
Right for Toll Collection Four Lane	23934.96	15.78	0.00	23950.74	970.34	1293.92	0.00	2264.26	21686.48	22964.62
Total - A	73976.31	35957.12	1800.88	108132.55	14289.93	5644.91	725.73	19209.10	88923.45	59686.38
Capital Work In Progress										
Construction Work In Progress	36532.97	12661.43	23714.13	25480.27	0.00	0.00	0.00	0.00	25480.27	36532.97
Automatic Tolling System	0.00	14.78	14.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advertisement Hordings	168.13	28.14	196.27	0.00	0.00	0.00	0.00	0.00	0.00	168.13
Electric Installation for Hordings	0.00	2.78	2.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payment to Govt. of Maharashtra	0.00	7000.00	0.00	7000.00	0.00	0.00	0.00	0.00	7000.00	0.00
Incidental Expenses pending to Capitilization	4227.00	6467.49	2092.49	8602.00	0.00	0.00	0.00	0.00	8602.00	4227.00
Advances To construction Contractor	564.58	0.00	564.58	0.00	0.00	0.00	0.00	0.00	0.00	564.58
Total - B	41492.68	26174.63	26585.03	41082.27	0.00	0.00	0.00	0.00	41082.27	41492.68
TOTAL A + B	115468.99	62131.74	28385.91	149214.82	14289.93	5644.91	725.73	19209.10	130005.72	101179.05
PREVIOUS YEAR	49073.22	39160.45	1383.99	86849.68	9296.04	2570.13	560.91	11305.25	75544.42	

Note :

- Intangible assets comprising of toll collection right received from Ahmedabad Urban Development Authority (AUDA), has been amortized as under :
 - In respect of Existing Two Lane Sardar Patel Ring Road over a period of Twenty Years commencing from January 1, 2007.
 - In respect of New Four Lane Sardar Patel Ring Road, developed by the Company, over a period of Eighteen and a half year commencing from July 1, 2008.
- Additions in Assets during the year include allocatoin of Pre-Operative expenses to related Assets.

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2010

(Rs. in Lacs)

	As at 31-03-2010	As at 31-03-2009
SCHEDULE-7		
INVESTMENTS		
Trade Investment: Long Term & Unquoted		
[A] Investment in Subsidiary Companies		
[a] Maharashtra Border Check Post Network Ltd. 0 (25440) Equity Shares of Rs. 10/- each	0.00	2.54
[b] Option Premium Paid for Shares of Maharashtra Border Check Post Network Ltd.	592.28	0.00
[c] Rohtak-Panipat Tollway Pvt. Ltd. 9990 (0) Equity Shares of Rs. 10/- each	1.00	0.00
[d] Bijapur-Hungud Tollway Pvt. Ltd. 15390 (0) Equity Shares of Rs. 10/- each	1.54	0.00
[e] Hyderabad-Yadgiri Tollway Pvt. Ltd. 9990 (0) Equity Shares of Rs. 10/- each	1.00	0.00
[f] Sadbhav Mining Limitada, Mozambique (No. of shares and face value not defined as per local laws applicable to the Company)	0.80	0.80
Total A	596.62	3.34
[B] Investment in Asscocaites Company		
[a] Equity Participation in Mumbai Nasik Expressway Ltd. (SPV) 10400000 (10400000) of Rs. 10/- each	1040.00	1040.00
[b] Dhule Palasner Tollway Ltd. 134990 Equity Shares of Rs. 10/- each	13.50	0.00
[c] Share Application Money Pending Allotment (Dhule Palasner Tollway Ltd.)	657.45	0.00
Total B	1710.95	1040.00
[C] Investment of unutilized QIP Fund		
[a] Money Market Mutual Fund (Quoted) Aggregate Market Value as on 31.03.10 Rs. NIL (Rs. 1520.97 Lacs)	0.00	1499.00
Total C	0.00	1499.00
[D] Other Investments		
[a] 25000 (25000) Shares of Saket Projects Ltd. Rs. 10/- each (Unquoted)	2.50	2.50
[b] 900 (900) Shares of Ocean Bright Corp., Hongkong of HK\$ 1/- each	0.06	0.06
[c] National Saving Certificates	0.10	0.10
[d] Investment in Mutual Fund	6328.45	0.00
Total D	6331.11	2.66
Agreegate Value of Quoted Invetments Rs. NIL (Rs. 1499 Lacs)		
Agreegate Value of Un-Quoted Invetments Rs. 8638.68 Lacs (Rs. 1046 Lacs)		
Total (A)+(B)+(C)+(D)	8638.68	2545.00
SCHEDULE-8		
INVENTORIES		
Construction Materials, Stores, Spares and Others (Valued at Cost or Net Realizable Value, whichever is less) (as certified by the Management)	4469.49	1825.44
Work in Progress (at Contract rates as certified by the Management)	1365.59	929.59
Total	5835.08	2755.03

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2010

(Rs. in Lacs)

	As at 31-03-2010	As at 31-03-2009
SCHEDULE-9		
SUNDRY DEBTORS (Unsecured considered good)		
Debts outstanding for more than six months	2563.54	1586.51
Other Debts	41517.66	25918.45
Total	44081.20	27504.96
SCHEDULE-10		
CASH & BANK BALANCES		
(A) Cash on Hand	41.69	24.93
(B) Balances with Scheduled Banks:		
(a) In current Accounts	4347.77	1956.95
(b) In Fixed Deposit Accounts		
Margin Money	99.53	27.85
Others	579.13	1231.39
(C) Balances with Bhuj Mercantile Bank in Current Account: [Maximum Balance Rs. 0.38 Lacs (Rs. 11.38 Lacs)]	0.00	0.38
Total	5068.12	3241.50
SCHEDULE-11		
OTHER CURRENT ASSETS (UNSECURED)		
Interest accrued on Fixed Deposits with Banks	21.36	21.28
Excise Claim Receivable	269.13	47.06
Auda Grant Receivable	642.40	642.40
Currency Swap Contracts	0.00	881.80
Other Current Assets	3708.24	0.00
Total	4641.13	1592.54
SCHEDULE-12		
LOANS AND ADVANCES (Unsecured, Considered good)		
Loan to Subsidiary & Associate Companies	4040.88	0.52
Loan to Others	6983.17	6646.50
Advances to Suppliers for Goods / Services	15402.07	6451.61
Advances recoverable in cash or kind or value to be received	3178.38	210.17
Retention Money Deducted by Clients	6052.33	6491.36
Security and other Deposits	806.25	2207.30
Advance Income Tax	420.44	4613.31
Advance Fringe Benefit Tax	67.57	24.35
Total	36951.09	26645.12

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2010

(Rs. in Lacs)

	As at 31-03-2010	As at 31-03-2009
SCHEDULE-13		
CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES:		
Sundry Creditors		
Dues to Small Scale Industrial Undertaking	0.00	0.00
Unpaid Dividend	2.27	1.88
Others	26447.72	5760.87
Advances received from Clients	12756.59	11554.96
Books Overdrafts	116.46	116.94
Trade Deposits	5230.01	5257.12
Interest Accrued But not due	25.97	470.30
Other Liabilities	1174.48	720.92
Total (A)	45753.50	23882.99
(B) PROVISIONS		
Proposed Dividend	500.00	500.00
Tax on Proposed Dividend	83.04	84.98
Provision of Income Tax	42.70	4145.17
Provision of Fringe Benefit Tax	2.58	29.51
Wealth Tax Provision	0.94	0.97
Provision for Gratuity	39.73	26.18
Total (B)	668.99	4786.81
(Note : There was no amount outstanding as on 31.03.2010, which is required to be transferred to Investor Education & Protection Fund {IEPF})		
SCHEDULE-14		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Opening Balance	129.21	171.60
Add: Preliminary Expenses during the year	0.00	44.29
	129.21	215.89
Less: Written off during the year	93.69	86.36
Total	35.52	129.53

Schedules Forming Part of the Consolidated Profit and Loss Account

for the Year Ended March 31, 2010

(Rs. in Lacs)

	2009-2010	2008-2009
SCHEDULE-15		
INCOME FROM OPERATIONS		
Contract Receipts	126417.60	106091.83
Toll Collection	6428.33	3590.20
Income From Publicity Right	53.00	55.00
Consultancy Fees	500.00	0.00
Interest Received	39.08	156.23
Total	133438.01	109893.26
SCHEDULE-16		
INCREASE/(DECREASE) IN WORK IN PROGRESS		
Opening Work in Progress	929.59	1156.17
Less: Closing Work in Progress	1365.59	929.59
Total	436.00	(226.58)
SCHEDULE-17		
OTHER INCOME		
Profit on sales of Assets	326.48	100.33
Miscellaneous Income	1658.90	1159.26
Total	1985.38	1259.59
SCHEDULE-18		
MATERIAL CONSUMED		
Opening Stock	1673.91	3586.86
Add: Purchases	23743.33	25496.77
	25417.24	29083.63
Less: Closing Stock of material	4231.66	1673.91
Total	21185.58	27409.72
SCHEDULE-19		
CONSTRUCTION, TOLL PLAZA AND ROAD MAINTENANCE EXPENSES		
Labour Expenses	72412.92	52634.74
Diesel & Oil Expenses	9975.24	7446.75
Stores Consumed	180.77	392.78
Repairs & Maintainces-Construction Machineries	572.06	944.48
Repairs & Maintainces-Building & Others Assets	26.61	69.47
Transportation Expenses	166.15	150.30
Machinery Rent	389.43	374.88
Electricity Expenses	102.91	123.03
Land Rent	115.09	57.27
Site Establishment Expenses	207.83	174.94
Commission Expenses	0.00	6.66
Design Expenses	274.00	0.00
Consultancy Expenses	115.00	0.00
Mess Expenses	186.17	197.89
Toll Collection Expenses	327.46	258.21
Total	85051.64	62831.40

Schedules Forming Part of the Consolidated Profit and Loss Account

for the Year Ended March 31, 2010

(Rs. in Lacs)

	2009-2010	2008-2009
SCHEDULE-20		
ADMINISTRATIVE & OTHER EXPENSES		
Expenses on Employees:		
Salary, Wages and Bonus	1985.34	1608.94
Contribution to Provident & Other Funds	79.29	38.77
Workmen and Staff Welfare Expenses	93.54	84.48
Rent	102.48	102.04
Rates & Taxes	1864.21	992.69
Vehicle Rent	80.24	80.17
Running & Maintaince of Vehicles	63.32	64.18
Insurance	240.64	202.68
Postage & Telephone	65.68	60.38
Stationary & Printing	52.14	38.61
Traveling & Conveyance Expenses, incl. Foreign Traveling Expenses Rs. 2.08 Lacs (Rs. 16.89 Lacs)	120.85	99.16
Director' Traveling & Conveyance Expenses, incl. Foreign Traveling Expenses Rs. 0.72 Lacs (Rs. 9.24 Lacs)	19.62	38.23
Legal and Consultation Fees & Expenses	1138.51	869.47
Stamp Duty & Filing Fees	3.06	0.00
Bank Guarantee Commission	399.85	480.72
Other Bank Charges	2401.59	74.46
Managing Director's Remuneration	131.00	43.63
Wholetime Director's Remuneration	99.00	43.80
Donation Expenses	149.67	98.33
Audit Fees & Other Expenses	16.29	11.41
Loss on Sales of Assets & Written Off	144.64	155.29
Miscellaneous Expenses	338.03	268.28
Total	9588.99	5455.72
SCHEDULE-21		
INTEREST AND FINANCIAL CHARGES		
(a) Interest Paid to Banks		
Interest Paid on Term Loan	8417.48	4688.00
Interest Paid on Other Bank Facilities	1672.93	844.36
(b) Interest paid to Financial Institution & Others		
	1229.19	644.04
Total	11319.60	6176.40
SCHEDULE-22		
PRIOR PERIOD ADJUSTMENTS		
Debit Items:		
Material Consumed	(30.50)	9.72
Construction Expenses	45.03	14.31
Administrative Expenses	(141.60)	6.11
Interest Paid	(26.80)	2.76
Total A	(153.87)	32.90
Credit Items:		
Interest on F.D.R.	(1.17)	0.12
Other Income	(11.60)	1.78
Total B	(12.77)	1.90
Net Debit/(Credit) A-B	(141.10)	31.00

Notes Forming Part of Accounts

SCHEDULE-23

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Principles of consolidation:

The consolidated financial statements relate to Sadbhav Engineering Ltd. (‘the Company’) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 - ‘‘Consolidated Financial Statements’’ issued by the Institute of Chartered Accountants of India.
- b) The financial statements are based on historical cost convention and are prepared on accrual basis.
- c) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- d) Minority Interest’s share of net profit/(loss) of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- e) Minority Interest’s share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company’s shareholders.
- f) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.

2. Other significant accounting policies:

These are set out in the notes on accounts under ‘‘Statement of Accounting Policies’’ of the Financial Statements of the stand alone Company. Further to those policies, the accounting policies adopted by subsidiaries are as follows:

a) Recognition of contract revenue and expenses:

Toll collection from its users has been accounted when amount is received. Income of monthly pass is recognized as and when it received in entirety.

b) Grant:

Government grant received or receivable from AUDA by the subsidiary Ahmedabad Ring Road Infrastructure Ltd. is in the nature of promoters’ contribution and is treated as capital receipt and accounted as capital reserve.

c) Fixed Assets and Depreciation:

Depreciation in case of holding company is provided for all assets except for vehicles on straight-line method and depreciation on vehicles is provided on written down value method at the rates specified in schedule XIV of The Companies Act, 1956. Software used at Head office and work-shop are amortised over a period of three years and software used at Project sites are amortised over the project completion period. Whereas in case of subsidiary Maharashtra Border Check Post Network Limited, depreciation is provided on the basis of Written Down Value Method at the rates specified in schedule XIV of The Companies Act, 1956.

In case of a subsidiary Aurangabad-Jalna Tollway Ltd., Depreciation on fixed assets, other than Project Assets, (except computers and other hardwares related to tolling system) is provided on the Written Down Value Method (WDV) at rates prescribed in Schedule - XIV to the Companies Act, 1956. Project Assets, other than Computers & other hardwares related to tolling system, are amortized over the Concession Period. (23.5 years from February 1, 2007).

In case of a subsidiary Maharashtra Border Check Post Network Limited, depreciation on assets used for construction has been treated as part of Incidental Expenditure Pending Capitalization which shall be allocated to Fixed Asset on Commercial Operation Date (COD).

In case of a subsidiary Ahmedabad Ring Road Infrastructure Limited, Depreciation on fixed assets, other than Project Assets, is provided on the Written Down Value Method (WDV) at rates prescribed in Schedule - XIV to the Companies Act, 1956. Project Assets, as defined under Concession Agreement, are amortised over the Concession Period.

d) Intangible Assets:

Intangible asset is recognized as per criteria specified in Accounting Standard (AS) 26 "Intangible Assets".

Capital Work in Progress comprises cost of road development till it is ready for its intended use (including advances given for acquiring asset) as at the reporting date of the financial statements and "Incidental Expenditure Pending Capitalization", which shall be capitalized as an intangible asset on its Commercial Operation Date (COD).

In case of subsidiary Ahmedabad Ring Road Infrastructure Ltd. and Aurangabad-Jalna Tollway Ltd, the Infrastructure Project Assets i.e. toll collection right received are amortized over the Concession period.

e) Derivative Transactions:

In case of Ahmedabad Ring Road Infrastructure Ltd., premium paid, gains/losses on settlement and provision for losses for cash flow hedges are recognized in the Profit and Loss Account, except in case where they relate to borrowing costs that are attributable to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

In case of Nagpur-Seoni Express Way Ltd., provision for losses on restatement and gains/losses on settlement are recognized along with the underlying transactions and charged to Incidental Expenditure Pending Capitalization during construction period.

B. NOTES ON ACCOUNTS :

1) As on date of financial statement, company has following subsidiary companies.

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest as on 31-03-2010
Ahmedabad Ring Road Infrastructure Limited	India	80%
Sadbhav Infrastructure Project Limited	India	100%
Aurangabad-Jalna Tollway Limited	India	51%
Nagpur-Seoni Express Way Limited	India	51%
Maharashtra Border Check Post Network Ltd.	India	90%
Sadbhav Mining Limitada, Mozambique	Mozambique	100%
Rohtak-Panipat Tollway Pvt. Ltd.	India	100%
Bijapur-Hungund Tollway pvt. Ltd	India	77%
Hydrabad-Yadgiri Tollway Pvt. Ltd	India	100%

The financial statements of Rohtak-Panipat Tollway Pvt. Ltd., Bijapur-Hungund Tollway Pvt. Ltd., Hydrabad-Yadgiri Tollway Pvt. Ltd. and Sadbhav Mining Limitada, Mozambique has not been considered for consolidation, as the said subsidiaries have not started its activities on the date of Balance Sheet.

- 2) All amounts in the financial statements are presented in Rupees Lacs except per share data and as otherwise stated.
- 3) During the year subsidiary Aurangabad-Jalna Tollway Ltd. has received concurrence of the Government of Maharashtra for collections of Toll Fee on the project road vide Notification No.PSP-2006/CR/Road-9, issued on July 24, 2009 and accordingly the company has commenced collection of toll fee with effect from July 28, 2009.

4) Secured Loans:

Sadbhav Engineering Ltd.

Please refer to Notes on Accounts No. 04 of Balance Sheet of Sadbhav Engineering Ltd.

Ahmedabad Ring Road Infrastructure Ltd.

1. The facility of First Banking Rupee loan, interest thereon and all amounts in respect thereof shall be secured by;

- (a) First charge on all the Company's immovable and movable assets (including but not limited to all current / non-current assets goodwill, uncalled capital but excluding Project Assets) both present and future;
- (b) First charge over all Fees, revenues and receivables (including the book debts, commissions, operating cash flows) of the Company from the Project or otherwise;
- (c) First charge over / assignment of all the rights, titles and interests of the Company in, to and in respect of all Project Documents, all guarantees, performance guarantees or bonds, letters of credit, liquidated damages that may be provided by any party to any Project Document in favour of the Company and Clearances (to the extent

permitted) and all rights, titles, approvals, permits, clearances and interest and the Company's right, title, interest, benefit and claim in, to or under the Project Documents and Clearances;

- (d) Assignment of all the Company's right, title, interest, benefit and claim of the Company in, to or under the Insurance Contracts, insurance policies and the Insurance Proceeds;
- (e) First charge over all bank accounts of the Company including without limitation, the Escrow Account (or any account in substitution thereof) and the Debt Service Reverse Account in all funds from time to time deposited therein and in all Permitted Investments or other securities representing all amounts credited to the Escrow and Debt Service Reserve Account and any other bank accounts of the company established pursuant to the Project Documents and otherwise.
- (f) Pledge of 30% of equity share capital held by the sponsors in the share capital of the Company.
- (g) Non-Disposal Undertaking (NDU) from the Sponsors, undertaking not to dispose off 70% of equity share capital (in addition of the shares pledged under the Share Pledge Agreement) held by the Sponsors during construction period and thereafter 45% of the equity share capital (in addition of the shares pledged under the Share Pledge Agreement) of the Company till 80% of the Debt is paid off and thereafter 21% of the equity share capital (in addition of the shares pledged under the Share Pledge Agreement) of the Company until the Final settlement date; and
- (h) An irrevocable corporate guarantee from the Sponsors in favour of the Security trustee, for the benefit of senior lenders, to cover any shortfall in the amount payable in respect of the Rupee Loan in the event of termination on any account as per the terms of the Concession Agreement.

2) In respect of Second Ranking Rupee Loan:

The Second Ranking Rupee Loan together with interest, additional interest, default interest, prepayment premium, costs, charges, expenses and other monies whatsoever stipulated and due to second Ranking Lenders are secured by way of second ranking charge on the Security interest stipulated in (a) to (h) in Para (1) above to be created in favour of the Security Trustees for the benefits of the Second Ranking Lenders.

Aurangabad-Jalna Tollway Ltd.

1. The Rupee loans, and the payment and other obligations of the Company under the Common Rupee Loan agreement, are secured by;
 - (a) Charge on all the immovable, moveable and intangible assets of the Company, (including but not limited to all receivables) both present and future, except the project assets,
 - (b) Charge over all book debts, operating cash flows, Toll Collection, revenues of whatsoever nature and wherever arising, receivables, from the Project or otherwise, commissions, present and future, intangibles, goodwill and uncalled capital of the Company, present and future,
 - (c) A pledge of 51% equity share capital of the company held by the Promoters, till payment of 75% of loan to each Rupee lender and thereafter pledge of 26% equity share capital of the Company held by the Promoters;
 - (d) Charge by way of assignment or creation in favour of the Rupee lenders over,
 - i) All the right, title, interest, benefits claims and demand whatsoever of the Company in all Project Documents, duly acknowledged and consented to be the relevant counter-parties to such project Document, all as amended, varied or supplement from time to time;
 - ii) All the right, title, interest, benefits claims and demand whatsoever of the Company in the Clearances;
 - iii) All the rights, titles, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee, performance guarantee or bond that may be provided by any party to any Project Document in favour of the Company and;
 - iv) All insurance contracts/insurance proceeds.
 - (e) Charge over all the letter of credit, Trust and Retention Account, Debt Service Reserve Account and other reserves and any other bank accounts of the Company wherever maintained.

Nagpur-Seoni Express Way Ltd.

1. The facility of loan, and the payment and other obligations of the Company under the Finance Documents, are secured by;
 - (a) Charge on all the immovable and moveable assets of the Company, both present and future,
 - (b) An assignment by way of security over all the Company's rights, title and interest in and to each Transaction Document.

Maharashtra Border Check Post Network Limited.

The Rupee Loans together with Interest, Additional Interest, Default Interest, Prepayment premium, Costs, Charges, expenses and other monies whatsoever stipulated and due to the Secured Parties in accordance with the Financing Documents shall, to the extent permitted by the Article 21.1 of the Concession Agreement (as produced in Schedule VIII) be secured by:

- a) A First Ranking mortgage and charge over:
- I. All the borrower's immovable and movable properties, both present and future (other than the Project Site and the Project Facility) ;
 - II. All Tangible and Intangible assets of the borrower including but not limited to its goodwill, undertaking and uncalled capital, both present and future;
 - III. All Fees, revenues and receivables of the Borrower, both present and future;
 - IV. All the Borrower's rights, title and interest under all agreements entered into by the borrower, including each of the Project Documents, duly acknowledged and consented to, where required, by the relevant counter parties to such Project Documents, all the Borrower's rights under each letter of credit / guarantee or performance bond that may be provided by any party to the Project Document for the Borrower's benefit and all the borrower's rights under all authorizations, clearances, permissions, approvals and consents including but not limited to clearances (to the extent assignable under applicable Law);
 - V. All the borrower's accounts, (including but not limited to the Accounts and Permitted Investments) and each of the other accounts required to be created by the borrower under any Transaction Agreements, including without limitation, the Trust and Retention Account Agreement, including in each case, all monies lying credited/deposited in to such accounts;
 - VI. All insurance contracts entered in to by the borrower including but not limited to the Insurance Contracts including all rights and receivables there under; and
- b) Subject to Applicable Law, a pledge by the Sponsors of the Shares constituting /representing at all times not less than thirty (30%) of the total shares of the Borrower.

5) Capitalization of fixed assets:

- a) In the case of Nagpur-Seoni Expressway Ltd., Rohtak-Panipat Tollway Pvt. Ltd., Bijapur-Hungund Tollway Pvt. Ltd. & Hyderabad-Yadgiri Tollway Pvt. Ltd no Profit & Loss account has been prepared since the company has not commenced commercial operations. The expenditures incurred during the construction period are classified as "Construction Work-In-Progress" and "Incidental Expenditure Pending Capitalization". The same will be apportioned to the Assets on the completion of the Project.
- b) The subsidiary Aurangabad-Jalna Tollway Limited has acquired right to collect toll on the project road. Such right is capitalized as intangible asset and is being amortized over the concession period.
- 6) During the year subsidiary Ahmedabad Ring Road Infrastructure Ltd. has changed the method of providing depreciation on Project Assets from written down value to amortization of cost over the Concession Period i.e. 20 years from January 1, 2006. Had the company continued to follow the same method of depreciation as was in earlier year, the charge of depreciation would have been higher by Rs. 120.78 Lacs and consequently, consolidated profit for the year would have been lower by the same amount.

7) Deffered Tax Assets & Liabilities:

As per accounting standard-22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred Tax Liability / (Assets) arising are as follows:-

	(Rs. in Lacs)	
Particulars	2009-10	2008-09
Opening Balance of Deferred Tax Liability	1,100.45	971.39
Add : Deferred Tax Liability accrued during the year due to timing difference of Depreciation	312.14	3,686.98
Add : Provision of Tax on Short Provision of Gratuity	(4.61)	(0.60)
Add : Pre Operative Expenses	2.72	-
Less : Effect of Preliminary Expenses	(0.06)	(0.04)
Less : Effect of Carried Forward Losses	-	(3,540.98)
Less : Deferred Tax Assets generated on QIP Share Issue Expenses	-	(16.30)
	1,410.64	1,100.45

- 8) As the Company is engaged in Construction business, the provision of Para 3 and Para 4C of Part II of Schedule VI to The Companies Act, 1956 regarding quantitative details, licence capacity and installation capacity are not applicable.

	(Rs. in Lacs)	
	2009-10	2008-09
Net Profit for the period	3627.79	4288.64
Weighted number of shares during the period-Basic	12500000	12500000
Weighted number of shares during the period-Diluted	12500000	12500000
Earning Per Share-Basic (Rs.)	29.02	34.31
Earning Per Share-Diluted (Rs.)	29.02	34.31

- 10) In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realized in ordinary course of business. Provision for known liabilities are adequate and not in excess of the amount reasonably necessary.

11) Contingent Liabilities:

- a) Contingent liabilities on stand alone basis given under the clause B-6 of Schedule 23 of Stand alone Balance Sheet of the company.
b) Contingent liabilities of its subsidiary companies is given below:

Liability on contracts remaining to be executed on Capital Accounts (net of advances) and not provided for is Rs. 1,26,254.14 Lacs (Rs. 26,713.69 Lacs)

- 12) As per Accounting Standard 18, "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the Related Parties as defined in the Accounting Standard are given below:

I. List of Related Parties:

Subsidiary Companies: As shown in the Clause 1 above.

Associate Companies/Entities:

Sadbhav Finstock Pvt. Ltd., Sadbhav Quarry Works Pvt. Ltd., Sadbhav Public Charitable Trust, Santokba Trust, Srei Infrastructure Finance Ltd., Patel Infrastructure Private Ltd., PBA Infrastructure Ltd, Dhule Palasner Tollway Limited.

Joint Ventures:

Sadbhav-Prakash JV, Sadbhav-PBA JV, HCC-SEL JV, Jilin-Sadbhav JV, JMC – Sadbhav JV and SEL-GKC J.V.

Key Management Personnel:

Shri Vishnubhai M. Patel, Shri Girish N. Patel, Shri Vikram R. Patel, Shri Vasistha C. Patel, Shri Nitin R. Patel, Shri Shashinbhai V. Patel, Smt. Rajeshriben Patel.

Relatives of Key Management Personnel and Enterprises over which Relatives of Key Managerial Persons having significant influence:

Smt. Shantaben V. Patel, Smt. Mamtaben Patel, Smt. Bhavnaben Patel, Smt. Alpaben Patel, Smt. Truptiben Patel, Smt. Rekhaben Patel, Shri Nandubhai Patel, Shri Vinubhai Patel, Veer Trans, Bhavna Engineering Co., Montecarlo Construction Ltd. and Motecarlo Projects Pvt. Ltd.

II. Transactions with Related Parties:

(Rs. in Lacs)

Transactions	Associates	Key Management Personnel	Relative of Key Management Personnel and Enterprises over which Relatives of key Managerial Persons having significant influence	Joint Venture
Sub contracting Income	6857.12 (--)	---	---	6303.01 (6955.69)
Interest Received	---	---	---	---
	(71.30)	(--)	(--)	(--)
Balance Receivable at the year end	1971.07 (--)	---	---	1266.53 (1356.10)
Sub contracting Expenditure	3532.75 (5017.78)	(--)	1952.80 (8093.19)	---
Remuneration Paid	---	235.77 (85.17)	---	---
	(--)	(--)	(--)	(--)
Interest paid	35.4 (8.51)	---	---	---
	(--)	(--)	(--)	(--)
Rent & Service charges paid	---	---	6.99 (6.75)	---
	(--)	(--)	(--)	(--)
Fixed Assets Purchased/(Sold)	---	---	(84.40) (--)	---
	(--)	(--)	(--)	(--)
Other Expenses	52.00 (25.00)	---	---	---
	(--)	(--)	(--)	(--)
Balance Payable at the year end	50.07 (37.64)	11.56 (--)	35.52 (349.57)	---
	(--)	(--)	(--)	(--)
Loan Received during the year	925.67 (428.82)	---	---	---
	(--)	(--)	(--)	(--)
Loan Payable outstanding at the year end	1354.49 (428.82)	---	---	---
	(--)	(--)	(--)	(--)
Loan given during the year	3976 (--)	---	---	---
	(--)	(--)	(--)	(--)
Loan Receivable Outstanding at the year end	3976 (--)	---	---	---
	(--)	(--)	(--)	(--)
Deposit Received during the year	2991.51 (267.01)	---	840.02 (5.64)	4.87 (3043.25)
	(--)	(2.00)	(--)	(--)
Deposit repaid during the year	690.64 (7.35)	---	800.00 (22.59)	562.56 (1793.33)
	(--)	(14.10)	(--)	(--)
Closing Bal. of deposits received	2300.87 (21.09)	---	42.83 (5.64)	618.45 (1176.13)
	(--)	(--)	(--)	(--)
Dividend Paid during the year	26.99 (26.99)	135.18 (147.18)	75.00 (63.60)	---
	(--)	(--)	(--)	(--)

13) As per the Accounting Standard-27 'Financial Reporting of Interest in Joint Venture' issued by the Institute of Chartered Accountants of India, Joint Ventures entered into by the Company are as follows:

Sr. No.	Name of Joint Venture	Description of Interest	% of Involvement
1	Sadbhav-Prakash	Jointly controlled operation	50%
2	HCC-SEL	Jointly controlled operation	35%
3	Jilin-Sadbhav	Jointly controlled operation	48%
4	JMC-Sadbhav	Jointly controlled operation	49.50%
5	SEL-GKC (Vishakapatnam Project)	Jointly controlled operation	50%
6	SEL-GKC (Karimnagar Project)	Jointly controlled operation	52%

14) Movement in investments made by the Company during the year :

Name of the Investment	Purchased during the year		Sold during the year	
	Units	Amount	Units	Amount
Sadbhav Mining Limitada, Mozambique	--- (---)	--- (0.80)	--- (---)	--- (---)
Maharashtra Border Check Post Network Ltd.	19500 (25440)	2209.67 (2.54)	--- (---)	--- (---)
Sadbhav Natural Resources Pvt. Ltd.	--- (10000)	--- (1.00)	--- (10000)	--- (1.00)
Ocean Bright Corporation, Hongkong	--- (900)	--- (0.06)	---(910)	--- (0.06)
Hyderabad-Yadgiri Tollway Pvt. Limited	9990 (---)	1.00 (---)	--- (---)	--- (---)
Bijapur-Hungund Tollway Pvt. Ltd.	15390 (---)	1.54 (---)	--- (---)	--- (---)
Rohtak-Panipat Tollway Pvt. Ltd.	9990 (---)	1.00 (---)	--- (---)	--- (---)
Dhule Palasner Tollway Ltd.	130000 (---)	13.00 (---)	--- (---)	--- (---)
Tata Floater Fund	9555755 (18944259)	13767.98 (1952.64)	9140560 (18944259)	7540.52 (1952.64)
Reliance Money Manager Fund	333022 (---)	3334 (---)	333022 (---)	3339.12 (---)
ICICI Mutual Fund	1562371 (---)	260.83 (---)	1562371 (---)	260.83 (---)
AIG India Treasury Fund	--- (4738605)	--- (489.00)	---(4738605)	--- (489.00)
AIG Qtly. Interval Fund-Series I	--- (71550)	--- (715.54)	--- (71550)	--- (715.54)
Birla Sun Life Short Term Fund	--- (2017244)	--- (205.54)	--- (2017244)	--- (205.54)
Birla Sun Life Qtly. Interval Series-I	--- (1866821)	--- (200.00)	--- (1866821)	--- (200.00)
DSP Black Rock Series -13	--- (4000000)	--- (400.00)	--- (4000000)	--- (400.00)
Fortis Interval Fund Qtly. Plan	--- (4782218)	--- (500.00)	--- (4782218)	--- (500.00)
HDFC Cash Management Fund	--- (4792840)	--- (639.21)	1561646 (3231194)	304.35 (339.21)
ICICI Prudential Floating Rate Growth	--- (4426281)	--- (550.45)	2922353 (1503928)	407.82 (150.45)
Mirae Asset Ultra Short Term Bond Fund	--- (9560)	--- (100.00)	--- (9560)	--- (100.00)
Principal Floating Rate Fund SMP - Institutional	--- (16831008)	--- (1683.22)	--- (16831008)	--- (1683.22)
Principal Floating Rate Fund SMP-Regular	560 (507680)	80.00 (50.77)	--- (507680)	--- (50.77)
Principal Floating Rate Fund FMP	339582 (7202685)	34.00 (721.03)	339582 (7202685)	34.00 (721.03)
SBI Debt Fund Series	--- (4000000)	--- (400.00)	--- (4000000)	--- (400.00)
UTI Fixed Income Interval Fund Series II	--- (1500000)	--- (150.00)	1500000 (...)	167.10 (---)
UTI Money Market Fund	--- (1656121)	--- (364.81)	--- (1656121)	--- (364.81)
Reliance Qtly. Interval Series Fund-III	--- (---)	--- (---)	--- (6999680)	--- (700.00)
Reliance Medium Term Fund	--- (3707723)	--- (662.00)	2831893 (875831)	523.41 (150.00)
Reliance Liquid Treasury	--- (14539150)	--- (2216.14)	--- (14539150)	--- (2216.14)
Canara Robeco Interval Fund	--- (---)	--- (---)	--- (1251450)	--- (125.00)
ING Liquid Fund Institutional	--- (---)	--- (---)	--- (4998351)	--- (500.00)
ING Interval Fund (QIF-B)	--- (4592100)	--- (459.29)	--- (4592100)	--- (459.29)
Kotak Floater Long Term	--- (1359154)	--- (137.00)	1359154 (---)	138.08 (---)
Templton India Treasury	--- (---)	--- (---)	--- (27993)	--- (280.00)
ICICI Prudential MF	115 (848427)	190.00 (100.54)	115 (848427)	193.22 (100.54)
Principal Floating Rate Fund Regular	--- (1334746)	--- (133.51)	--- (1334746)	--- (133.51)
Principal Floating Rate Fund- Institutional	--- (49759880)	--- (4976.34)	--- (66976290)	--- (669809820)
Principal MF Institutional Plan	--- (43121841)	--- (4312.49)	--- (43121841)	--- (4312.49)
SBI Premier Liquid Fund	--- (1002157)	--- (100.54)	--- (1002157)	--- (100.54)
Tata Liquid Super High Investment Fund	--- (19766)	--- (220.30)	--- (19766)	--- (220.30)

15) Expenditure in Foreign currencies:

(Rs. in Lacs)

	Current Year	Previous Year
(i) Traveling Expenses	3.05	26.13
(ii) Interest on term loan	2279.68	1070.44
(iii) Professional fees	370.61	135.63
(iv) Agency fees	4.60	5.20
(v) Commitment fees	61.78	84.26
(vi) Dividend	115.93	130.04

During the year company has paid dividend to 15 (16) F.I.I. and 122 (161) Non Resident Indian on 28,78,839 shares (32,17,879 shares) and 19508 shares (33080 shares) respectively.

- 16) There was no impairment Loss on fixed assets on the basis of review carried out by the management in accordance with Accounting Standard-28 issued by the Institute of Chartered Accountants of India. Further, the management has informed us that during the review of assets of the company, those assets, which were found to be having NIL market value, have been written off in the accounts.

17) Payment to Auditors

(Rs. in Lacs)

	Current Year	Previous Year
Audit Fees	12.41	8.91
Tax Audit Fees	2.20	1.78
Certification fees	2.58	2.43
Reimbursement of Expenses	0.18	0.17
TOTAL	17.37	13.29

- 18) The company and its subsidiaries have entered into various forward / derivative contracts for hedging interest and currency related risks. The net receipts / payments are credited / charged to the profit and loss account.

19) Derivative Instruments :

The subsidiary Nagpur-Seoni Express Way Ltd. uses Currency swap and interest rate swap to hedge the interest and currency related risks on its capital account. Such transactions are governed by the strategy approved by the board of directors which provide principles on the use of these instruments, consistent with the Company's Risk Management Policy. The company does not use these contracts for speculative purposes. Outstanding Currency Swap and Interest Swap to hedge against foreign currency exchange rates and fluctuations in interest rate changes are:

(figures in Lacs)

	As on 31-03-2010	As on 31-03-2009
No. of Contracts	1	1
Currency Swap - Disbursement		
- Equivalent INR	Nil	21098.69
- Equivalent USD	Nil	514.60
Currency Swap - Repayment		
- Equivalent INR	18810.05	21179.42
- Equivalent USD	418.24	418.24
Interest Swap		
- Equivalent INR	21952.30	24123.31
- Equivalent USD	488.10	476.37
Forward Contract to Sell USD		
- Equivalent INR	7591.15	3392.67
- Equivalent USD	160.03	65.01

Signatories to Schedule 1 to 23

As per our Audit Report of even date attached

For and on behalf of Board

For Shashikant Patel AssociatesChartered Accountants
Firm Reg. No. 113672W**V. M. Patel**

Managing Director

Nitin R. Patel

Executive Director

S. D. PATELProprietor
Membership No. 37671

Place : Ahmedabad

Date : 21-05-2010

Shashin V. Patel

Jt. Managing Director

Vijay Kalyani

Company Secretary

Consolidated Cash Flow Statement for the Year 2009-2010

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit after Tax as per Profit and loss account	2675.81	3779.30
Adjustments For :		
Interest Expenses	9091.86	5283.46
Depreciation	5644.91	3779.56
Dividend Income	(18.29)	(71.62)
Preliminary Expenses	94.01	86.36
Profit on sale of Assets	(326.48)	(100.33)
Loss on sale of Assets	144.64	155.29
Income Tax Provision	4275.16	1820.01
Wealth Tax Provision	0.92	0.95
Fringe Benefit Tax Provision	0.00	16.38
Deferred Tax Liabilities/(Assets)	310.19	129.06
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	19216.92	11099.12
Adjustment For :		
Trade & other Receivable	(19624.83)	(13052.02)
Inventories	(2644.05)	1991.61
Work in Progress	(436.00)	3754.86
Loans & Advances (Net)	(10078.59)	(5092.30)
Trade Payable	21884.06	2922.65
Cash generated from Operations	10993.32	5403.21
Tax Paid	(4255.86)	(2292.85)
Net Cash From Operating Activities	6737.46	3110.36
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase of Fixed Assets	(35410.03)	(28793.45)
Sales of Fixed Assets	709.90	1451.64
Payment made for Capital work in progress	410.41	(250.36)
Loan to Subsidiary Companies	(4040.36)	1082.44
Loan to Others	(336.67)	(6646.50)
Investments in (SPV)	(3471.96)	1.65
Investments against QIP Proceeds	1499.00	2106.00
Investments in Fixed Deposits against Margin	(71.68)	69.24
Investments Purchased	(16134.29)	(11782.54)
Sales of Investments	9805.84	13504.28
Interest Received	949.48	1026.27
Dividend Received	18.29	89.90
Net Cash From Investing Activities	(46072.07)	(28141.44)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds From Borrowings	135514.99	47463.81
Repayment of Borrowings	(83835.42)	(14401.22)
Proceeds From Minority Interest	0.51	2063.15
Proceeds From Share Capital	0.00	0.00
Preliminary Expenses	0.00	(44.29)
QIP Issue Expenses	0.00	0.00
Interest Paid	(10005.59)	(8204.99)
Dividend Paid	(500.00)	(500.00)
Dividend Tax Paid	(84.98)	(84.98)
Net Cash From Financing Activities	41089.51	26291.49
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	1754.90	1260.41
OPENING BALANCE OF CASH & CASH EQUIVALENTS	3213.70	1953.29
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	4968.60	3213.70
COMPONENTS OF CASH & CASH EQUIVALENTS		
CASH ON HAND	41.69	24.93
BALANCE IN CURRENT ACCOUNT WITH BANKS	4347.77	1957.33
BALANCE IN FIXED DEPOSITS NOT KEPT AS MARGIN	579.13	1231.39

As per our Audit Report of even date attached

For and on behalf of Board

For Shashikant Patel Associates

Chartered Accountants
Firm Reg. No. 113672W

S. D. PATEL Place : Ahmedabad
Proprietor Date : 21-05-2010
Membership No. 37671

V. M. Patel

Managing Director

Shashin V. Patel
Jt. Managing Director

Nitin R. Patel

Executive Director

Vijay Kalyani
Company Secretary

Notes

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SADBHAV ENGINEERING LIMITED

Registered Office : 'Sadbhav House', Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad-380006.

A T T E N D A N C E S L I P

DP Id	
Client ID	

Folio No.	
No. of Shares	

Name and address of shareholder/ Proxy holder

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company. I hereby record my presence at the 21st Annual General Meeting of the Company held on Wednesday, September 08, 2010 at Lions Hall, Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380006 at 11.00 A.M.

Member's / Proxy's Signature

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the Meeting Hall)

SADBHAV ENGINEERING LIMITED

Registered Office : 'Sadbhav House', Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad-380006.

P R O X Y F O R M

DP Id	
Client ID	

Folio No.	
No. of Shares	

I / We _____
of _____ being a Member / Members
of **Sadbhav Engineering Ltd.** hereby appoint Mr. / Ms. _____
of _____ or failing
him / her Mr. / Ms. _____
of _____ as my / our Proxy
to attend and vote for me / us and on my / our behalf at the 21st ANNUAL GENERAL MEETING of the Company to be held on
Wednesday, September 08, 2010 at 11.00 A.M. and at any adjournment(s) thereof.

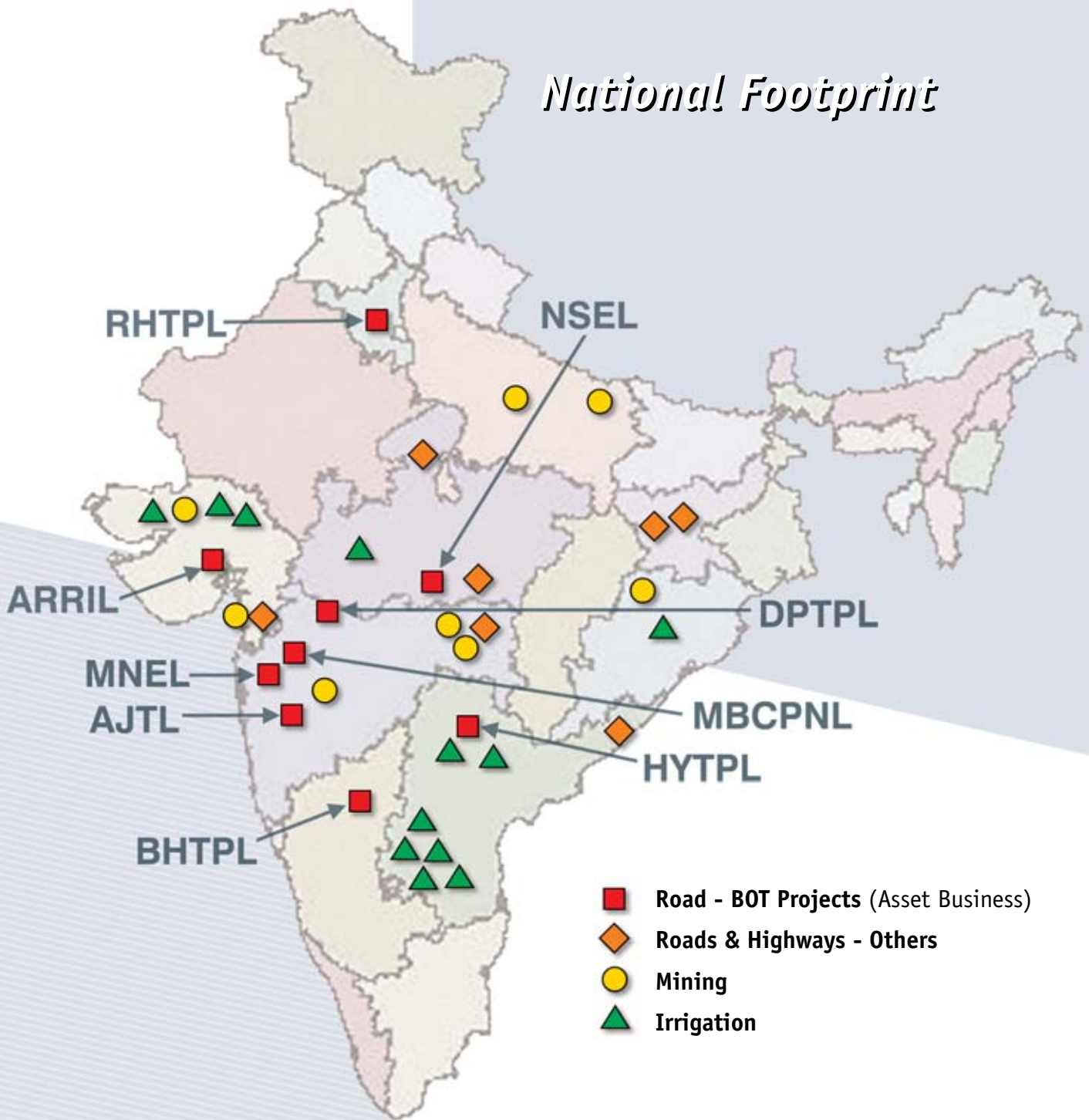
Signed this _____ day of _____ 2010

Please
affix Re.1/-
Revenue
Stamp

Proxy form must reach Company's Registered Office not
later than 48 hours before the commencement of the
meeting

FOR OFFICE USE ONLY
DATE OF RECEIPT

National Footprint



- Road - BOT Projects (Asset Business)
- ◆ Roads & Highways - Others
- Mining
- ▲ Irrigation

Segment	No. of Projctcs
BOT Projects	9
Roads & Highways	14
Mining	8
Irrigation	12

State	No. of Projctcs
Maharashtra	8
Gujarat	7
Madhya Pradesh	4
Uttar Pradesh	2
Haryana	1
Jharkhand	2
Karnataka	1
Andhra Pradesh	9
Orissa	2



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 cannot 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

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