

achieving greater heights...

22nd

**Annual Report
2010-2011**





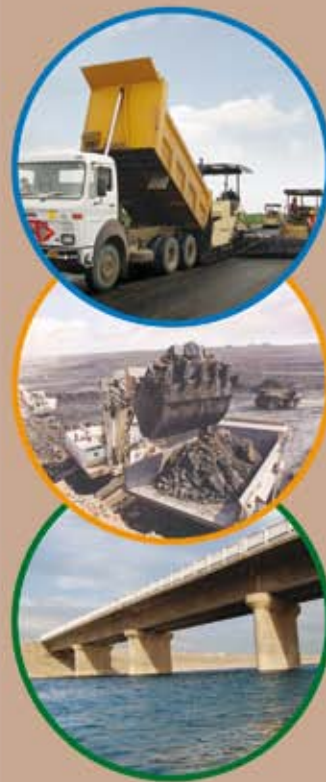
2010-2011

**Sadbhav
surmounting
new peaks...**

*To set the benchmark
by being the 'best in class',
in our chosen fields.*

*And to create –
Value for our customers
Wealth for our stakeholders
Future for our employees.*

*While giving back to Society,
what we have gained from it.*



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Chairman's Outlook

Sharing our dreams today for tomorrow's success

Dear Shareholders,

It's once again that time of the year where we meet and share our company's year gone by, its hopes, dreams and aspirations for tomorrow. A time to ponder on dreams that have transformed into reality, some which are in the process of transformation and the new dreams which are in the waiting.

Sadbhav needs no introduction. It has been a paramount Indian infrastructure company, since 1988. Over the years, it has powerfully anchored itself on the shores of India's fast developing economy and today it is recognized amongst the league companies that empower India, to grow eminently in infrastructure sector. All developmental efforts of Sadbhav are an endeavor to enhance the quality of life of people across the country.



Sadbhav currently fosters infrastructure projects ranging from construction of roads, bridges, irrigation supporting infrastructure and mining, thereby, positively enforcing the country and its people towards growth. Even in the present scenario of competition and inflation, Sadbhav has given the best without compromising in quality and punctuality. Our commitment and motivation is reflected in our team of professionals, which comprises of extraordinary men and women who operate and maintain high quality and execute projects on time, thereby striving to steer the country towards growth and progress. This sets us apart from the others.

The market gurus are confident that the swift and broad based growth in 2010-11 has put the economy back to its pre-crisis growth trajectory. This optimism has trickled down to Sadbhav leading to an impressive overall growth (PAT) of 122% and its total income too increased by 75%. This year (EBDITA) rose by 64%, and compared to last years turnover of ₹ 1,256.9 crores, company achieved a turnover of ₹ 2,209.2 crores, which is a good 75.77% growth. This year the net worth of the company scaled new heights by reaching ₹ 625.7 crores, compared to last years ₹ 391.5 crores.

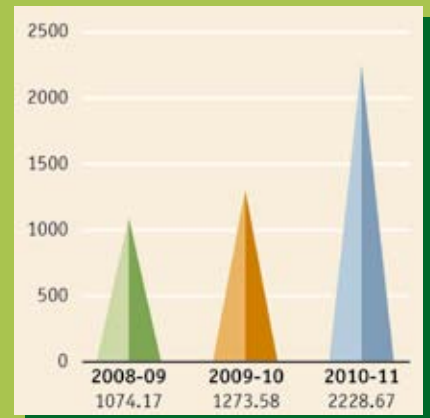
Sadbhav is presently listed on the BSE & NSE, with a market capitalization of ₹ 2,002 crores (as on 30th June 2011). A combined Net Worth (including that of its associate concerns) of ₹ 1,284 crores has enabled the Company to make a solo bid for mega highway projects. The Company achieved its high point this year when it was awarded two prestigious cash-contracts (Multai-Chindwara-Seoni and Narsinhpur-Amarwara-Chindwara-Saoner), totaling to over ₹ 1,410 crores. The total order book figure as on 30th June 2011 stood at ₹ 6,586.7 crores. Our BOT Projects are now becoming big contributors and its standalone revenue (for FY 2011) was of ₹ 2,209.17 crores and PAT reached ₹ 119.59 crores. Out of the total Roads Revenue of Sadbhav, BOT alone contributed 68%. SIPL was incorporated as an asset holding company for road and other Infrastructure BOT projects 4 years ago and today its portfolio consists of 9 BOT projects out of which 3 are operational, 1 partially operational and remaining under various stages of construction.

Dreams in process of transformation

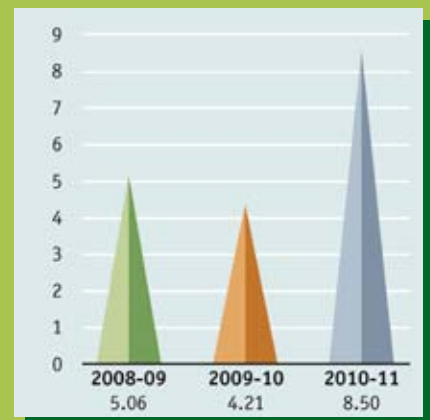
Sadbhav today has a successful track record of constructing more than 3738 Lane kms & 3002 Lane kms are under various stages of construction. We have an exemplary track record for timely completion; and have also been awarded cash bonus for NH-79 and appreciation for Karnataka project from World Bank.

In Mining we are presently executing around 2,00,000 cubic meter of overburden, per day. Our major projects are :

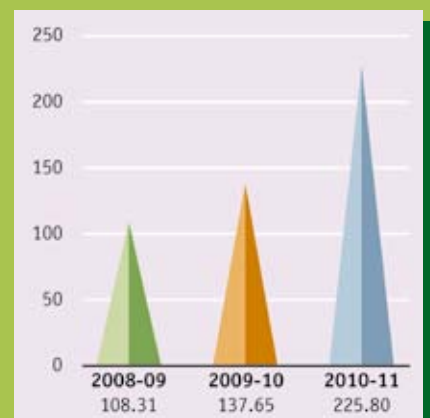
Total Income (₹ in Crores)



Earning Per Share (₹)

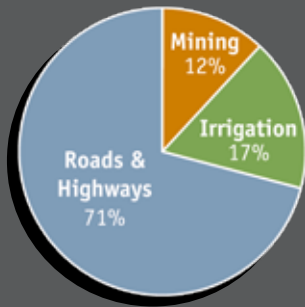


EBDIT (₹ in Crores)

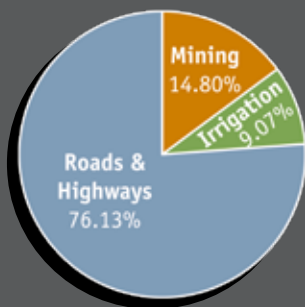


Total Order Book

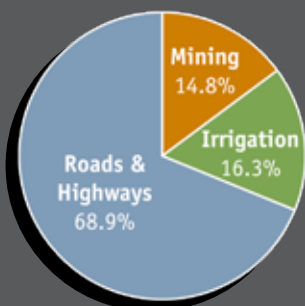
As on June 2011
(₹ 6,586.75 Crores)



As on May 2010
(₹ 6,516.05 Crores)



As on June 2009
(₹ 4,338.90 Crores)



Excavation work at VastanMines for GIPCL mines, removal of overburden at Bina OCP at Uttar Pradesh for NCL and a 7 year repeat contract from GIPCL for excavation of overburden & mining of lignite at Vastan Mines, Gujarat. With 9 ongoing projects of outstanding value amounting to ₹ 820 crores Sadbhav is all set to lay its footprints in mining.

With ongoing projects like construction of earthen dams, canals, syphon, remodeling and improvements of canals worth an outstanding value ₹ 1,133 crores Sadbhav looks forward to irrigating hope for lush green tomorrow.

Dreams in the waiting

Sadbhav has decided to complement the Government's NHDP initiative, of developing over 50,000 km of national highways, in seven phases and will also be a part of the Bharat Nirman Programme that envisions providing a network of roads to around 23,000 villages all over India. We also look forward to achieving a fair share of projects involving \$6,540 crores, to be invested during the Eleventh Five Year Plan. Sadbhav also plans to participate in the SARDP-NE, which is set up to establish road connectivity to state capitals, district headquarters and remote areas of the North-Eastern region.

We strive to ensure that there is sufficient irrigation infrastructure in place, as this sector accounts for around 17% of our GDP and also aim at reducing the gap of 36 mh between the contemplated and actual gross sown area and to realize the underdeveloped irrigation potential of States like MP, Orissa, AP and Karnataka.

There are many to whom we owe this success. Firstly, our people, who play a key role in the company's growth and secondly, our stakeholders, who put their undaunted trust in us. Together, we can propel the nations ascend.

We are confident because we have vision to see potential, faith to believe that we can and courage to act with conviction.

Sadbhav is the dream to facilitate the building of a nation. This dream today is steadily transforming into reality.

Thanking you,

Vishnubhai Patel

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
IDBI Bank 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.





Today's Team for tomorrow's dream

The dedication and enthusiasm of Sadbhav's leaders is revealed in its people who form the spinal chord of the company. This team of dedicated people consists of a treasure trove of talent and skills. It totals to about 2100 professionals, which includes engineers and workers.

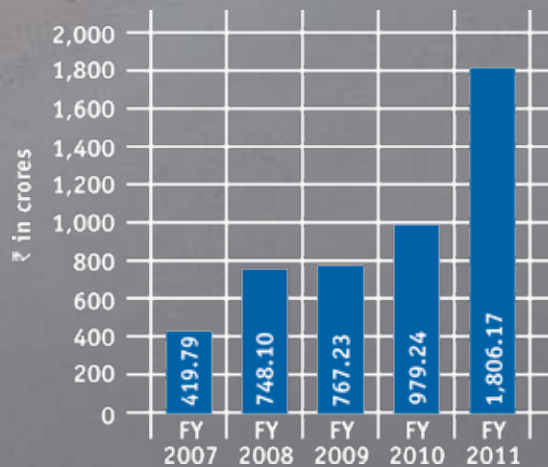
Our people play a key role in the company's growth, which also steers the nation's ascends. We strive to provide the most favorable environment to facilitate our teams all round growth. We recognize talent and guide it to develop specialized skills to enable them to give the best. We encourage a healthy inter and intra-site relationship.

Such conducive work environment enables our team to realize Today's dreams into tomorrow's realities.





Roads & Highways
Last 5 years Revenue Break-up



Stepping ahead to build dreams

Roads are the most preferred mode of transportation and account for 85 per cent of passenger traffic and 65 per cent of freight traffic in India.

The National Highways account for only 2 per cent of the total road length and carry 40 per cent of the total road traffic.

Funds for Bharat Nirman leaps more than five times in 2011-12 compared to the previous year.



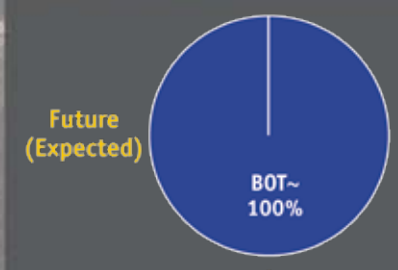
Roads & Bridges that lead to tomorrow

With a fleet of sophisticated construction equipment manned by skilled workers and engineers Sadbhav effortlessly builds roads that lessen distances and bridges that connect a nation to bring its people closer to each other. Our effective coordination ensures smooth sailing of its projects from beginning to end. It is to this we owe a successful track record of Constructing more than 3738 Lane kms & 3002 Lane kms under construction of roads & highways, executed large number of projects for NHAI & State Governments and private developers. We have also been awarded exemplary track record for timely completion; cash bonus for NH-79 and appreciation for Karnataka project from World Bank.

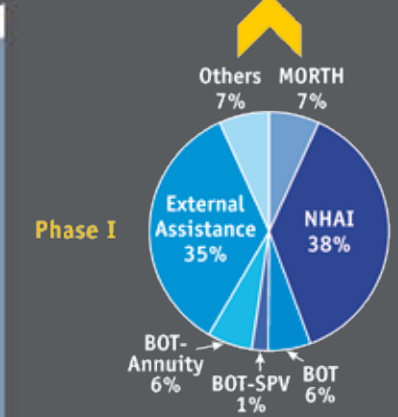
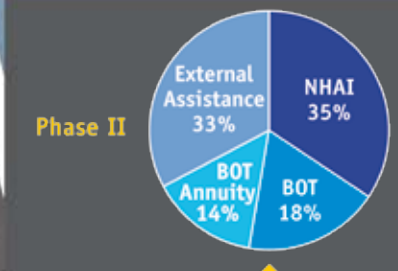
Our major completed projects include, widening & strengthening of NH 15 (ADB funded) for NHAI-106 kms; early completion of Sardar Patel Ring Road, Ahmedabad -76.21 kms & rehabilitating & upgrading carriageway for sections of NH 8, NH 79 & NH 76 for NHAI.

With 13 Ongoing projects, of outstanding value Rs. 4,634 crores Sadbhav's road portfolio is bound to grow in the forthcoming years.





SUCCESS OF BOT



Source: Planning Commission, NHAI



Can the template be a solution for all roads ?

Roads built and operated for tomorrow

SIPL was incorporated as an asset holding company for road and other Infrastructure BOT projects 4 years ago. These Projects are secured through a competitive bidding process either on a stand-alone or through a joint venture depending on the project size and requirements.

We at Sadbhav focus in building a sizable asset base in the road BOT project. We have currently invested in nine BOT projects with total project cost of ₹ 7,854.7 crores. We take pride in citing that SEL is the sole EPC contractor for most of the BOT projects to ensure timely and smooth completion of projects. Today Sadbhav's BOT Project portfolio consists of 9 projects, out of which 3 are operational, 1 partially operational and remaining under various stages of construction.

Our BOT projects include, Dhule-Palasnur BOT, Maharashtra Border Check Post BOT (MBCPNL), Lakhnadon-Seoni BOT (NSEL), Hyderabad-Yadgiri BOT Project (HYTPL), Sardar Patel Ring Road BOT (ARRIL), Rohtak-Panipat BOT Project (RPTPL), Aurangabad-Jalna BOT (AJTL), and Bijapur-Hungund BOT Project (BHTPL). Amongst all the BOT projects of SEL, the Sardar Patel Ring Road BOT (ARRIL) became the 1st BOT to be operational.

Today BOT contributes to 68% of Sadbhav's total Road revenue.





Treasures of the Earth

“India produces 86 minerals which include 4 fuel minerals, 10 metallic, 46 non-metallic, 3 atomic and 23 minor minerals.”

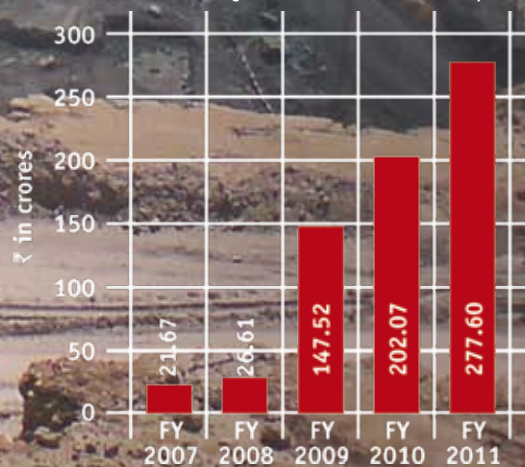
According to the business monitor international, the overall mining industry is expected to grow at a CAGR of 9% during FY8-FY12 reaching ₹ 1,90,000 crores by 2012. It is expected to contribute 2.7% to the GDP in FY12 from currently around 2%.

In India so far only 75000 square km area has been explored in detail whereas the total mineral potential area is 5.75 lakh square km.



Mining

Last 5 years Revenue Break-up





Mining optimism for an enlightened tomorrow

The demand of coal is mainly driven by power, cement and steel industry. We at Sadbhav have always seen mining to be a major growth driver for SEL as there exists a huge opportunity in this field owing to an increased demand for coal, iron and other minerals.

Our mining projects range from excavation of over burden to removal of lignite and coal. Our client list boasts of stalwarts like Gujarat Heavy Chemicals Ltd., Gujarat Mineral Development Corporation, Gujarat Industries Power Company Ltd., Northern Coalfields Ltd. and Western Coalfields Ltd. Our track record shows success in executing a 5-year project for GIPCL involving excavation of overburden and lignite at Vastan Mines. We have executed contracts worth 250 mn cubic meters. Today Sadbhav's mining team executes 200,000 cubic meter of overburden per day.

Our major projects include Removal of Overburden at Bina OCP at Uttar Pradesh for NCL and a 7-year repeat contract from GIPCL for excavation of overburden & mining of lignite at Vastan Mines, Gujarat. With 9 Ongoing projects of outstanding value ₹ 820 crores Sadbhav is confident in Mining optimism for an enlightened tomorrow.

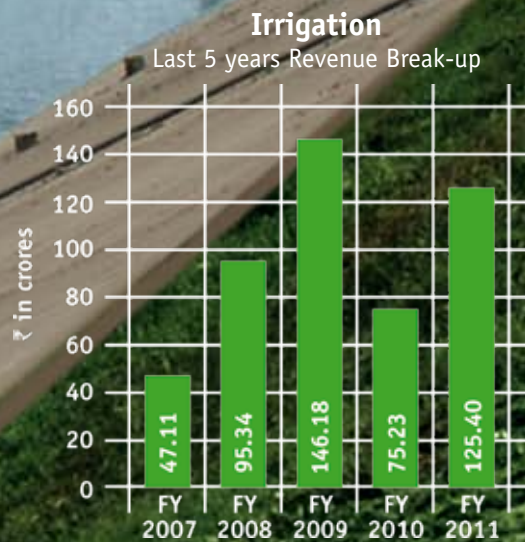




Profits from Green pastures

Agriculture accounts for around 17% of the GDP.

In India, 70% of the gross sown area (i.e 140 million hectares) is contemplated for irrigation and by the end of 11th five year plan only 52% of the gross sown area (i.e. 104 mh) will be brought under irrigation. This leaves a gap of 36 mh area to be brought under irrigation.



Irrigating hope for lush green tomorrow

Agriculture accounts for around 17% of the GDP and is the largest employer in the country. However, it is proven beyond doubts that the true potential of agriculture in the country is not realized due to scarcity of irrigation infrastructure in place. We at Sadbhav strive to correct this inadequacy.

We have successfully executed Projects like Construction of earthen dams, canal syphons, remodeling and improvement of canals. Due to our experience and execution capabilities, we hold a track record of executing a major portion of world's largest concrete lined Narmada Main Canal project having capacity of 40,000 cusecs. We have also executed 4 out of the total 9 canal syphons on Narmada Main Canal across different rivers. We can proudly state, that our team of engineers and workers successfully executed a 13.87 km concrete lining project on the Kakrapar left bank, in a record 75 days. Sadbhav has also successfully completed the Construction of NMC in its reach from 108 to 127 km for SSNNL and constructing Canal siphon across river Watrak on NMC Kapadwanj for SSNNL.

With 12 ongoing projects of outstanding value ₹ 1,133 crores, Sadbhav can look forward to Irrigating hope for a lush green tomorrow.





*Roads that
lead to tomorrow*





*Bridges that
connect to the future...*

Sadbhav - Today for Tomorrow

Our motto reflects our spirit. We believe what we build today will last beyond our lifetime and benefit tomorrow. We strive today, for a better tomorrow.

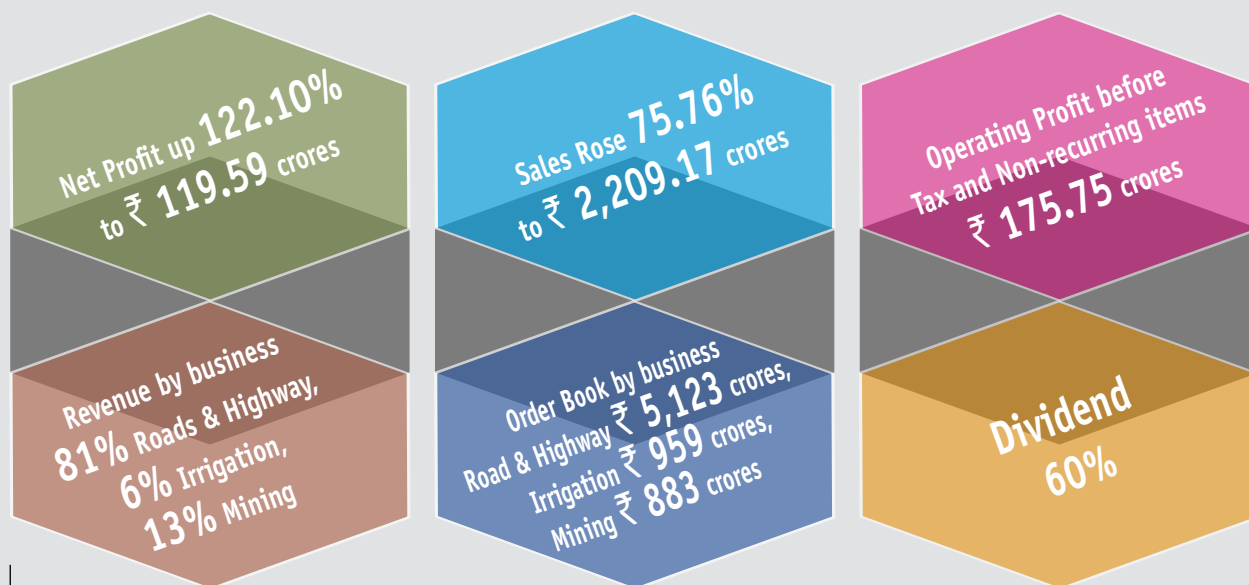
Our true success does not lie in the profits we make today, but in the green legacy we create for the generations to come.



Financial Highlights	2010-11	2009-10	2008-09	2007-08	2006-07
Turnover	2209.17	1256.93	1062.48	894.83	483.22
Total Income	2228.67	1273.58	1074.17	904.68	484.64
Earning Before Depreciation, Interest and Tax (EBDIT)	225.79	137.65	108.31	102.33	59.05
Depreciation	26.86	23.25	15.68	13.89	14.91
Interest	42.69	33.09	21.39	15.73	6.95
Profit After Tax	119.59	53.84	63.29	52.37	26.39
Equity Dividend %	60%	40%	40%	40%	35%
Dividend Payout	10.49	5.83	5.85	5.85	5.12
Equity Share Capital	14.99	12.50	12.50	12.50	10.90
Warrant Application Money	0.00	0.00	0.00	3.45	0.00
Stock Option Premium Outstanding	2.10	0.00	0.00	0.00	0.00
Reserve & Surplus	608.65	379.01	330.15	268.40	133.17
Net Worth	625.75	391.51	342.65	284.35	144.07
Gross Fixed Assets	371.52	332.21	260.65	241.40	202.05
Net Fixed Assets	229.76	210.09	154.55	143.02	111.95
Total Assets	1990.28	1420.13	831.39	697.11	502.71
Total Debt (Loan Fund)	396.07	423.87	211.11	150.32	72.99
Earning Per Share (In ₹)	8.50	4.21	5.06	4.34	2.42
Book Value Per Share (In ₹)	41.75	31.32	27.41	22.75	13.22
Weighted No. of Shares	140608299	127955167	125000000	120584700	109000000

2010-2011

Key Figures



Notice

NOTICE is hereby given that the Twenty-Second Annual General Meeting of the shareholders of Sadbhav Engineering Limited will be held on Tuesday, September 27, 2011 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, 2011 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. Atul N. Ruparel who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Sandip V. Patel who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Statutory Auditors and fix their remuneration.

Place : Ahmedabad,
Date : July 30, 2011

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.
2. The information required under clause 49 of the Listing Agreement on Directors reappointment/ appointment are given below and form part of the Notice.
3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. The Register of Members and Share Transfer Books will be closed from Monday, September 12, 2011 to Friday, September 16, 2011, both days inclusive, for ascertaining the Shareholders entitled to receive dividend, if approved at the meeting.
5. 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 Atul N. Ruparel	Shri Sandip V. Patel
Date of Birth	November 22, 1967	August 02, 1977
Date of Appointment	October 23, 2008	June 27, 2006
Functional Expertise	Finance and Accounts, Audit, Taxation, Management Consultancy, Tax Planning, Project Financing.	Finance and Accounts, Audit, Taxation, Management consultancy, structuring international transactions, developing internal control systems, cost planning and project financing.
Qualifications	B. Com. F.C.A	B.Com. F.C.A.DISA (ICA)
Directorship in other companies	1. Kutchh Gujarat Finstock Ltd. 2. STEPS Corporate Services Pvt. Ltd.	Nil
Chairman/Member of Committee in other companies	Nil	Nil
No. of Equity Shares held in the company	Nil	Nil

Place : Ahmedabad,
Date : July 30, 2011

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 Second Annual Report together with the audited statement of accounts for the year ended March 31, 2011.

Financial Results

(Rs. in crores)

	Current Year 2010-2011	Previous Year 2009-2010
Income from Operations	2209.17	1256.93
Profit before Interest, Depreciation & Tax	245.30	154.31
Less : Interest & Finance Charges	42.69	33.09
Depreciation	26.86	23.25
Profit before Tax	175.75	97.97
Less : Provision for tax	57.56	29.70
Provision for deferred tax liability/(asset)	1.99	3.08
Profit after Tax	116.20	65.19
Add : Excess (Short) provision for taxation of earlier years	3.39	(11.35)
Net profit for the year	119.59	53.84
Balance brought forward from last year	172.56	137.05
Amount available for Appropriations	292.15	190.89
Appropriations		
Transfer to General Reserve	12.00	6.50
Transfer to Debenture Redemption Reserve	6.00	6.00
Proposed Dividend	8.99	5.00
Tax on Proposed Dividend	1.49	0.83
Balance carried to Balance Sheet	263.66	172.56

Dividend

The Directors are pleased to recommend for approval of the shareholders dividend of 60% (Rs. 0.60 per equity share of Re 1 each) for the financial year ended March 31, 2011. The final dividend, if approved, will absorb a sum of Rs. 8.99 Crores and dividend tax of Rs 1.49 Crores.

Business Overview

The total income from operations during the year under review was Rs. 2209.17 Crores against Rs. 1256.93 Crores for the previous year recording the growth of 75.76% . Operating profit (PBDIT) for the current year is Rs.245.30 Crores (Rs.154.31 Crores in previous year) thereby recording the growth of 58.96 % . Net profit after tax is amounted to Rs.119.59 Crores (Rs 53.84 Crores in previous year) thereby recording a growth of 122.12 %.

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	13	7505.31	2871.18	4634.13
Irrigation	12	1457.10	324.63	1132.47
Mining Operation	9	1527.61	707.46	820.15
Total	34	10490.02	3903.27	6586.75

The Company's order book (pending execution) shows work on hand amounting to Rs. 6586.75 Crores as on the June 30, 2011.

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/Upgradation Strengthening/Widening of Govindpur-Sahibganj State Road Project (Govindpur-Jamtara Contract Package No. I)" by Road construction Department, Govt. of Jharkhand for contract price of Rs. 229.91 crores in joint venture with GKC Projects Ltd.-Hyderabad. Company is leading the joint venture with 50% participation share i.e. for Rs. 114.95 crores.
2. "Rehabilitation and Up-gradation to 2-lane with paved shoulders and maintenance of Multai-Chhindwara-Seoni Section of NH-69A and Narsinghpur-Amarwara-Saoner Section of NH-26B" in Madhya Pradesh and Maharashtra including construction and maintenance of Ring Road and connecting roads in Chhindwara Town by NHA for price of Rs. 1411.36 crores.

Irrigation Sector

1. "Execution of Omkareshwar Right Bank Lift Canal including its distribution network up to 40 Ha. Chak for culturable command areas (CCA) of about 29947 Ha. on "Turn Key" basis from RD 51.281 to 125. Km (excluding V.R.B. at RD 51.281 Km Wasvi-Sirsodia Road)" by Narmada Development Division 20, M.P. for contract value of Rs.349.30 crores in joint venture with GKC Projects Limited Hyderabad. Company is leading the joint venture with 60% participation share.
2. "Execution of Omkareshwar Right Bank Lift Canal including its distribution network up to 40 Ha. Chak for culturable command areas (CCA) of about 28073 Ha. on "Turn Key" basis from RD 0.00 Km to 51.281. Km (including V.R.B. at RD 51.281 Km Wasvi-Sirsodia Road)" by Narmada Development Division 20, M.P. for contract value of Rs. 519.93 crores in joint venture with GKC Projects Limited Hyderabad. Company is leading the joint venture with 40% participation share.
3. "Work of EPC contract for construction of Radhanpur Sub Branch Canal, Manpura Sub Branch Canal, Distributaries & Minors of Radhanpur Branch Canal, RSBC & MSBC (Earthwork, lining, Structures, Service Road, CR/Escape/HR, Gates, Stop logs, Control Cabin) including Geo Tech investigation, Design of structures and Operation and maintenance for the same for five (5) years" for contract price of Rs. 236.20 crores in joint venture with GKC Projects Limited Hyderabad. Company will lead the joint venture with 52% participation share.

Mining Sector

1. "Blast hole drilling, controlled blasting with shock tube initiation (Nonels), excavation, loading, transportation, dumping, spreading and leveling etc., of 436.50 LBCM over burden, at Manugur OC-II Extension (Phase-II) Project" by The Singareni Collieries Company Limited for contract amount of Rs. 182.50 crores in joint venture with GKC Projects Limited – Hyderabad. Company is leading the joint venture with 51% participation share i.e. for Rs. 93.07 crores of which work amounting to Rs. 26.01 crores has been completed.

Transfer of BOT Projects

Company has entered into Agreement with M/s Norwest Venture Partners (NVP) & The Xander Group Inc (Investors) wherein over a period of time, subject to necessary approvals, consents to the extent required from various authorities shares held by Company in nine of the subsidiaries/ joint venture companies have been/ would be transferred to SADBHAV Infrastructure Project Limited (SIPL) a subsidiary of Company. Investors have invested a sum of Rs. 400.00 crores for acquiring 22.22% stake on fully diluted basis in SIPL. This re-structuring and fund raising would help Company to leverage its finance more effectively and raising funds for the new project would now be done through SIPL. Company now holds around 83% equity in SIPL and accounts of SIPL along with subsidiaries/ joint venture companies have been consolidated with the financials of Company. Brief summary of each of the Project is as under :

Name of the Company	Details of Project	Cost of the Project (Rs. in Crores)	Status as on 30/06/2011	Toll Revenue of the F.Y. 2010-11 (Rs. in Crores)	% Shareholding	
					SEL	SIPL
Mumbai-Nasik Expressway Limited (MNEL)	Vadape-Gonde 4 Lane BOT project for widening the existing two-lane of 99.50 Kms to four lanes and its operation and maintenance.	794.58	Completed (except one ROB for which Work In Progress)	51.26	20	-
Ahmedabad Ring Road Infrastructure Ltd. (ARRIL)	4-laning the present 76.21 km two-lane ring road around Ahmedabad city and its operation & maintenance	500.80	Completed	63.42	-	80

Aurangabad-Jalna Tollway Ltd. (AJTL)	Widening the existing two-lane stretch of 65.80 kms to four lanes and its operation and maintenance	277.00	Completed (except ROB for which Work In Progress)	23.69	-	51
Nagpur Seoni Expressway Ltd. (NSEL)	<ul style="list-style-type: none"> 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 & its associates and SREI Infrastructure Finance Limited. 	489.70	Expenditure to the extent of Rs. 292.89 Crore has been incurred. Project is under suspension and matter is subjudice.	-	51	-
Dhule Palesner Tollway Ltd. (DPTL)	<ul style="list-style-type: none"> 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 Company & its associates in a ratio of 37:36:27 respectively 	1420.00	949.00 (as on 15th July 2011)	-	27	-
Maharashtra Border Check Post Network Ltd. (MBCPL)	<ul style="list-style-type: none"> Modernization and computerization of integrated border check posts at 22(Twenty Two) locations in the State of Maharashtra on Build Operate and Transfer (BOT) Basis. The project is in joint venture between Company & its associates,, SREI Infrastructure Finance Limited and SREI Sahaj e-village Limited in ratio of 90:05:05 respectively 	1426.37	475.39	-	63	27
Hyderabad-Yadgiri Tollway Pvt. Ltd.	<ul style="list-style-type: none"> 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. Equity component of the project shared by Sadbhav Infrastructure Project Ltd., and GKC Projects Ltd in ratio of 60:40 respectively 	480.22	232.99	-	-	60
Rohtak-Panipat Tollway Pvt. Ltd.	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	1213.40	149.12	-	-	100

Bijapur-Hungund Tollway Pvt. Ltd.	<ul style="list-style-type: none"> 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 Equity component of the project shared by Sadbhav Infrastructure Project Ltd., and Monte Carlo Construction Ltd. in ratio of 77:23 respectively. 	1257.10	790.06	-	-	77
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Joint Ventures

The Company has the following joint ventures –

SEL- GKC Joint Venture :

Over and above the Road, Irrigation and Mining Projects as mentioned above, Company is executing following projects in Joint Venture with GKC Project Ltd.

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.36.93 crores has been completed.
2. 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 of which company's share is 52% i.e Rs. 51.64 crores of which work amounting to Rs. 16.33 crores has been completed.
3. 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 of which company's share is 50% i.e. Rs. 82.77 crores of which work amounting to Rs. 47.46 crores has been completed.

Sub Division of Equity Shares :

Pursuant to the approval of Shareholders through the process of Postal Ballot nominal value of Equity Share of Rs. 10/- has been sub-divided in to 10 Equity Shares of Re 1/- each.

Right Issue :

Through letter of offer dated August 04,2010 Company made Right Issue of 6,25,000 equity shares of Rs. 10 each for cash at premium of Rs. 715 per equity share aggregating Rs. 45.31 crores . As per terms of offer, allottees in Right Issue were also allotted 3 Detachable Warrants for every one equity share. Right Issue which opened for subscription on August 18,2010 closed on September 6, 2010 was oversubscribed. Allotment of 6,25,000 equity shares were made on September 16,2010.

The details of utilization of fund v/s projection made in Letter of offer dated August 04, 2010 are as under : (Rs. in crores)

Particulars	Proposed Utilization	Utilized up to 31/03/2011	Balance Funds
Investment in projects directly or through Subsidiaries/Joint Ventures/Spvs	18.48	18.48	0.00
Margin Money/ investment for purchase of Capital Equipment	16.45	4.27	12.18
General Corporate Purposes	8.66	8.66	0.00
Issue Expenses	1.72	1.44	0.28
Total	45.31	32.85	12.46

As per the terms of offer document, utilised balance fund has been utilized towards working capital requirement.

Allotment of Detachable Warrants :

As per the terms of Right Issue, Company has issued and allotted 18,75,000 the Detachable Warrants convertible in to equal number of Equity Shares of Rs. 10/- each on September 16,2010, which were due for conversion into Equity Shares between December 16,2010 to March 15,2012 ("Warrant Exercise Period") at an exercise price of Rs. 425/-. The said Detachable Warrants were subsequently adjusted to 1,87,50,000 Detachable Warrants convertible in to equal number of Equity Shares of Re 1/- each at price of Rs. 42.50/- per share on account of split of the face value of Equity Share from Rs. 10 each to Re 1/- per share.

Thereafter as per letter of offer, on December 18, 2010, Board of Directors exercised Call Option for compulsory conversion of Detachable Warrants into Equity Shares.

The details of the allotment made on exercise of conversion of the Detachable Warrants by warrant holders are as under :

Particulars	No. of Equity Shares Allotted	Date of Allotment
Voluntary Conversion- First Tranche	1278120	5/1/2011
Voluntary Conversion- Second Tranche	2524490	19/01/2011
Compulsory Conversion- Exercise of Call Option	14823190	24/02/2011
Total	18625800	
No of Warrants lapsed since not applied for conversion	124200	
Total	18750000	

Company received Rs. 79.16 crores towards subscription of Detachable Warrants.

Employee Stock Option Scheme :

The Company implemented the 'Sadbhav Employee Stock Option Scheme 2008 (ESOS Scheme 2008) pursuant to the resolution passed by the members at the 19th Annual General Meeting held on September 27, 2008. The Remuneration Committee of Board at its meeting held on October 04, 2010 granted 2,50,000 Employee Stock Options exercisable into 2,50,000 Equity Shares of Rs. 10 each, to eligible employees at a price of Rs.500/- per share. The said 2,50,000 Employee Stock Options were subsequently sub-divided in to 25,00,000 to match the reduced nominal value of Re 1. Remuneration Committee administers and monitors the Scheme.

The applicable disclosures as stipulated under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, is provided in Annexure-I forming part of this report.

Company has received certificate from Auditors of Company confirming that scheme has been implemented in accordance with SEBI Guidelines and resolution passed by Shareholders. Auditors certificate would be placed at Annual General Meeting for inspection by members.

Search and Seizure Operation under Income Tax Act :

During the period under review search and seizure operation under section 132 of the Income Tax Act, 1961 had taken place in the premises of the Company and its Directors. During the course of search no seizure was made by the Income tax department and the Company has not disclosed any undisclosed income. No demand notice of income tax has been served on Company till date pursuant to the said search.

Subsidiary Company

Pursuant to the General Exemption granted by Central Government vide General Circular No. 2/2011 dated February 08, 2011 and the resolution passed by the Board of Directors on April 20, 2011, copies of Balance Sheet, Profit and Loss Account, Report of Board of Directors and the Report of the Auditors of subsidiary companies have not been attached with the Annual Accounts of the Company under Section 212 of Companies Act 1956. As required under the circular statement giving required details is enclosed with the consolidated balance sheet. The Company will keep these documents at the Registered Office of the Company and its subsidiaries and make them available upon the request by any shareholder of Company.

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 Atul N. Ruparel and Shri Sandip V. Patel 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, 2011 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-II 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 30, 2011

Vishnubhai M. Patel
Chairman

Annexure - I forming part of Directors Report

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999

A.

Sr. No.	Particulars	ESOS-2008
1	Option Granted	2,50,000 now adjusted to 25,00,000 (on account of split of the face value of Equity Shares from Rs. 10 each to Re 1 per share)
2	The Pricing Formula	Pursuant to the power granted to Remuneration Committee, it in its meeting held on October 04, 2010, has determined the Exercise Price Rs. 500/- per equity share which was subsequently adjusted to Rs. 50 per equity share due to split of equity share.
3	Option Vested	NIL
4	Option exercised	N.A.
5	Total number of Shares arising as a results of exercise of Options	N.A.
6	Options Lapsed	58,000
7	Variation in the terms of Options	NIL
8	Fund raised by the exercise of Option	N.A.
9	Total number of options in force	24,42,000

B. Employee wise details of options granted to

i) Senior Managerial Personnel	Sr. No.	Name of Employees/ Directors	Designation	No. options granted
	1	Nitin R. Patel	Executive Director	180000
	2	Pravinkumar M. Ganatra	Director	45000
	3	Amarsinh J. Vaghela	Director	25000
	4	Sandip V. Patel	Director	10000
	5	Atul N. Ruparel	Director	10000
	6	P. K. Doshi	Senior Vice President	100000
	7	Anant N. Batavi	Chief Project Manager	46000
	8	C. D. Patel	Chief General Manager	40000
	9	Siddappa B. Jakkannavar	Chief General Manager	24000
	10	Vishwanathan R.	Sr. General Manager (Finance)	22000
	11	Vijay J. Kalyani	Company Secretary	18000
ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year	1,80,000 options granted to Mr. Nitin R. Patel, the Executive Director.			

iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL
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C. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (Accounting Standard AS-20 Earning per share) : Rs. 8.42.

D. Since Company has calculated the employee compensation cost using fair value method, the disclosure regarding difference between intrinsic value and fair value is not applicable.

E. Weighted average exercise price of Options granted during the year whose.

i) Exercise price equal market price (Rs.)	N.A.
ii) Exercise price is greater than market price (Rs.)	N.A.
iii) Exercise price is less than market price (Rs.)	N.A.

Weighted average fair value of Options granted during the year whose

i) Exercise price equal market price (Rs.)	N.A.
ii) Exercise price is greater than market price (Rs.)	N.A.
iii) Exercise price is less than market price (Rs.)	Rs. 71.10/-

F. Method and Assumptions used to estimate the fair value of options granted during the year :

The fair value has been calculated using the Binomial Option Pricing Model

The Assumptions used in the model are as follows :

Variables	Sadbhav Employee Stock Option Scheme 2008 (ESOS Scheme 2008)
1. Risk Free Interest Rate	8.50%
2. Expected Life	1.5 years
3. Expected Volatility	62.67%
4. Dividend Yield	0.46%
5. Price of the underlying share in market at the time of the option grant (Rs.)	Rs. 156.72/-

Annexue - II 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. 60,00,000/- 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.	70 Yrs.	Chairman & Managing Director	03-10-1988	Rs. 1,65,00,000/- p.a.	43 years	None	10.08
Mr. Shashin Vishnubhai Patel Qualification : MBA	30 Yrs.	Joint Managing Director	23-05-2000	Rs. 60,00,000/- p.a.	11 years	None	3.56

Notes :

1. Remuneration includes Salary, Commission, 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 and are terminated by notice of either side.
3. None of the employee is related to any Director of the company except Mr. Vishnubhai M. Patel & Mr. Shashin V. Patel, Joint Managing Director who are related to each other.

Report on Corporate Governance

Company's Philosophy on Corporate Governance

Company has adopted the best practices of Corporate Governance for ensuring protection of the rights and interest of its stakeholders. Company's broad policies of Corporate Governance viz. transparency, integrity, equity, openness, fairness and accountability are the guiding principles of the management of 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.

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, Company has complied with all the mandatory norms and disclosures that have to be made on Corporate Governance front.

Board of Directors

The Board of Directors comprises of 8 (Eight) directors, its composition and category is as under :

COMPOSITION

Name	Designation	Category	No. of other Directorship held in other public Company	No. of committee membership of other companies	No. of committee chairmanship of other companies
Mr. Vishnubhai M. Patel	Managing Director & Chief Executive	Promoter, Executive Director	7	Nil	2
Mr. Shashin V. Patel	Joint Managing Director	Executive Director	5	2	Nil
Mr. Girish N. Patel	Executive Director	Executive Director	Nil	Nil	Nil
Mr. Nitin R. Patel	Executive Director	Executive Director	7	2	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 2010-2011, 5 (Five) 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	5	Yes
Mr. Girish N. Patel	3	-
Mr. Nitin R. Patel	5	Yes
Mr. Shashin V. Patel	5	Yes
Mr. Pravinkumar M. Ganatra	3	-
Mr. Amarsinh Vaghela	4	Yes
Mr. Sandip V. Patel	5	Yes
Mr. Atul N. Ruparel	5	Yes

Committees of the Board

Audit Committee

The composition of Audit Committee as on March 31, 2011 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 2010-2011, four meetings of the Audit Committee were held on May 20, 2010, July 30, 2010, October 29, 2010 and January 28 2011.

Attendance at Audit Committee meetings

Name of Director	Meetings attended
Mr. Sandip V. Patel	4
Mr. Pravinkumar M. Ganatra	3
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 2010-2011, two meetings of Committee were held on May 20, 2010 and October 04, 2010 in which 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. 10,000/- for attending Board meetings.

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 2010-11 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, 2011	No. of Stock options Granted*
Mr. Vishnubhai M. Patel	165.00	Nil	5 years from July 1, 2009	15111070	-
Mr. Girish N. Patel	30.00	Nil	5 years from July 1, 2009	4921150	-
Mr. Nitin R. Patel	30.00	Nil	5 years from July 1, 2009	10800	180000
Mr. Shashin V. Patel	60.00	Nil	5 years from July 1, 2009	5339720	-
Mr. Pravinkumar M. Ganatra	Nil	30000		Nil	45000
Mr. Amarsinh J. Vaghela	Nil	40000		Nil	25000
Mr. Sandip V. Patel	Nil	50000		Nil	10000
Mr. Atul N. Ruparel	Nil	50000		Nil	10000

The Directors were not paid any allowance or perquisites in the year 2010-11.

* Employee Stock Options have been granted to eligible employees including Directors i.e. Wholetime Directors, Non-Executive Directors on October 04, 2010 and the same shall vest in four (4) equal Installments after one year of the Grant Date and shall be exercisable within a period of three (3) years from the date of vesting.

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

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 9. No complaints were pending as on March 31, 2011.

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 term 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 20010-11, four meetings of the Committee were held on April 24, 2010, June 07, 2010, August 04, 2010 and September 16, 2010 which were 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
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
2009-10	September 08, 2010	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 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.
September 08, 2010	Nil

During the year following Resolutions were passed by the members of the Company through postal ballot process on November 17, 2010 :

- Ordinary Resolution for Sub-division of equity share of Rs. 10/- each into 10 equity shares of Re 1/- each
- Ordinary Resolution under Section 293(1)(a) of the Companies At, 1956 for creation of Mortgage, charges, liens, Hypothecations or any other securities on the Company's assets & properties in favour of the Lender(s), Agent(s), and Trustee(s). subject to overall limit of Rs.1,500 crores.

The results of the Postal Ballot was declared by Mr. Vishnubhai M. Patel, Chairman & Managing Director , on 17th November, 2010 at the Registered Office of the company. The results of the postal ballot is as under :

Sr. No.	Particulars	Resolution No. 1			Resolution No. 2		
		No. of postal ballot forms	No. of shares	% of total valid votes	No. of postal ballot forms	No. of shares	% of total valid votes
1.	Total number of ballot forms received	225	7085597	0	225	7085597	0
2.	Less : Invalid postal Ballot forms (as per register)	0	0	0	4	69	0
3.	Net Valid Postal Ballot forms (as per register)	225	7085597	100	221	7085528	100
4.	Postal Ballots voted in favour (Assent) of the resolution	219	7085456	99.9980	204	6966931	98.3262
5.	Postal Ballots voted against (Dissent) the resolution	6	141	00.0020	17	118597	01.6738

Unclaimed Shares lying in Demat Suspense Account:

The Company has opened a Demat Suspense account as per SEBI's Circular No. SEBI/CFD/DIL/LA/1/2009/24/04 dated 24/09/2009 and transferred unclaimed 1050 shares which were lying in IPO escrow account. No shareholders have approached the Company for transfer of the same till date. The details of shares lying in Suspense Account are as under.

i	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.,	3 shareholders holding 105 shares
ii	Number of shareholders who approached issuer for transfer of shares from suspense account during the year.,	Nil
iii	Number of shareholders to whom shares were transferred from suspense account during the year.,	Nil
iv	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.,	3 shareholders holding *1050 shares
v	The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	

* Adjusted on account of splitting of the face value of equity shares from Rs. 10/- to Re 1/ -per equity share.

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 (including step down subsidiaries) 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 –

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

The details of utilization of proceeds raised through Right Issue of Equity Shares are disclosed to the Audit Committee. Company had utilized these funds for the purpose stated in the Letter of Offer dated August 04, 2010.

Code of Conduct

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

CEO/CF0 Certificate

A certificate from Managing Director and Chief Executive Officer and Finance Head on the financial statements of 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 2010-11, Company has published its quarterly results as under.

Quarter	News Papers
Q1	Economic Times (English & Gujarati),
Q2	Economic Times (English & Gujarati), Mint Money (English)
Q3	Economic Times (English & Gujarati), The Indian Express (English), Financial Express (Gujarati)
Q4	Economic Times (English & Gujarati)

- Company has its own website www.sadbhaveng.com and results on approval of the Board are simultaneously hosted on 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.
- 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.
- 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.corpfilng.co.in

General Shareholders Information

1. Annual General Meeting

Date and Time	: September 27, 2011 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** : September 12, 2011 to September 16, 2011 (both days inclusive) for payment of dividend.
- Dividend payment date** : on or after October 02, 2011.
- Listing on Stock Exchanges** : The Bombay Stock Exchange Limited
The National Stock Exchange of India Limited

Note : Annual listing fees for the year 2011-12 has been paid to the BSE and NSE

6. Stock Code

Script Code at BSE	: 532710
Trading Symbol at NSE	: SADBHAV
Demat ISIN No.	: INE226H01026

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 2010	1349.95	1260.00	1375.00	1243.00
May 2010	1365.00	1163.00	1364.90	1199.90
June 2010	1480.00	1126.05	1344.85	1125.25
July 2010	1374.95	1247.05	1388.00	1256.10
August 2010	1624.00	1360.00	1639.00	1360.00
Sept 2010	1580.00	1425.10	1599.95	1415.60
Oct 2010	1640.00	1430.00	1610.00	1421.25
Nov 2010	1525.00	1352.20	1578.80	1355.00
Dec 2010	1449.00	*111.10	1492.00	*116.00
Jan 2011	*127.00	*99.00	*126.50	*99.00
Feb 2011	*115.50	*93.70	*116.00	*91.15
March 2011	*126.90	*103.10	*127.10	*102.50

* On Face of Re 1/- ...

- 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, 2011

a. Distribution of shareholding as on March 31, 2011

No. of shares	No. of shareholders	% to total	No of shares held	% to total
1 - 500	5870	82.86	1180469	0.7876
501 - 1000	487	6.87	365139	0.2436
1001 - 2000	304	4.29	420839	0.2808
2001 - 3000	112	1.58	284099	0.1896
3001 - 4000	35	0.49	122663	0.0818
4001 - 5000	38	0.54	174231	0.1163
5001 - 10000	65	0.92	460266	0.3071
Above 10000	173	2.44	146868094	97.9932
Total	7084	100.00	149875800	100.000

b. Categories of shareholders as on March 31, 2011

Category	No. of shares	% to total
Promoters	71325880	47.59
Mutual Fund	26174848	17.46
Banks, Financial institutions, Insurance companies	585280	0.39
FII	34202214	22.82
Trust	720	0.00
Other private corporate bodies	12154652	8.11
Indian Public	5327295	3.56
NRI / OCB	104911	0.07
Total	149875800	100.00

11. Dematerialization of shares and liquidity :

99.99% of the Company's paid-up equity share capital has been dematerialized up to July, 2011. 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/ADRs/Warrants or any convertible instruments, conversions, conversion date and likely impact on equity:

The company has granted 2,50,000 Employee Stock Options exercisable into 2,50,000 Equity Shares of Rs. 10 each, to eligible employees which would vest not earlier than one year and not later than four years from the date of grant. The said 2,50,000 Employee Stock Options were subsequently sub-divided in to 25,00,000 to match the reduced nominal value of Re 1. The company has no outstanding GDRs / ADRs / Warrants or any other convertible instruments as on 31st March, 2011 except as stated above.

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 : April 20, 2011

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, 2011 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 : April 20, 2011

S. D. Patel
Proprietor
Membership No. 37671

Management Discussion & Analysis

It is a matter of great pleasure for the Company Directors to present the annual report for the financial year 2010-11 and a future point of view based on the current economic state, which may differ due to future economic, political and other development on the Global as well as Indian facade.

1. ECONOMIC STATE

In spite of the Global Financial crisis, India's economic growth is steadily gaining momentum. Our country's economic gurus believe that the swift and broad based growth in 2010-11 has put the economy back to its Pre-crisis growth trajectory and our Fiscal consolidation has been impressive. They even foresee a significant progress in critical institutional reforms that would set the pace for double-digit growth in the near future. The gurus believe that the Indian economy is expected to grow at 9 per cent with an outside band of +/- 0.25 % in 2011-12.

2. INDUSTRY OUTLINE

The Government has launched the NHDP, which aims to develop more than 50,000km of National Highways in seven phases. The Bharat Nirman Programme was introduced in 2005 to provide road connections to about 23,000 villages with a population of 1,000 or 500 in case of hill or tribal areas. The Government proposed to increase the allocation for Bharat Nirman programme proposed by Rs. 10,000 crore from the current year to Rs. 58,000 crore in 2011-12. This is a phenomenal step taken towards building the country. 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. Agriculture accounts for around 17% of the GDP and is the largest employer in the country. In India, 70% of the gross sown area (i.e. 140 million hectares) is contemplated for irrigation and by the end of 11th five-year plan; only 52% of the gross sown area (i.e. 104 mh) will be brought under irrigation. This leaves a gap of 36 million hectares are to be brought under irrigation. The minister for water resources Mr. Bansal projected a total investment requirement of around 7lakh crore to get the remaining job done by the end of 13th five year plan in 2022.

According to the business monitor international, the over all mining industry is expected to grow at a CAGR of 9% during Financial Years 2008-12 reaching Rs1.9 trillion by 2012 It is expected to contribute 2.7% to the GDP in Financial Year 2012 from the current 2%. All this paints a pretty picture for the Infrastructure Industry.

3. PROSPECT AND STRENGTHS

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 market gurus predict that this rise will continue during 2010-11 which will put the economy on a soaring flight after the economic crisis. Sadbhav looks forward to joining this flight 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 Eleventh Five Year Plan (2007-2012) has projected an investment requirement of US \$8,613.95million (INR413, 470 million) in rural roads under the PMGSY. The SARDP-NE was set up to provide road connectivity to state capitals, district headquarters and remote places of the northeast region. India Infrastructure Finance Company Limited (IIFCL) has proposed to raise US\$2.08 billion (INR100 billion) through an issue of tax free bonds, particularly for road and highway projects under Stimulus Package.

IIFCL to refinance 60 percent of commercial bank loans under the take out financing scheme for public-private partnership (PPP) projects in infrastructure over a period of 15 to 18months.

Our understanding, knowledge and execution ability, of infrastructure projects and a proven track record in this field, allows us to utilize forthcoming opportunity to its fullest.

With amalgamation as a strategy, Sadbhav looks forward to surmounting higher peaks of competitive benefits and margins, and also achieve greater control over business segments and bid for larger jobs. We are confident that we will be able to continue this trend successfully in the various sectors of Road Building, Roads BOT, Irrigation and Mining.

4. SEGMENT WISE PERFORMANCE

As on March 31, 2011 the Company has only one reportable business segment, that of construction, engineering and infrastructure development.

5. OUTLOOK

Infrastructure Development is the backbone of any country fore-sighting such progress. Keeping this in mind the Government plans to allocate 2,14,000 crore for infrastructure in 2011-12. This is an increase of 23.3 per cent over 2010-11. This also amounts to 48.5 per cent of total plan allocation. The Government also plans to come up with a comprehensive policy for further developing PPP projects. As the Government proposes to increase the allocation by Rs. 10,000 crore from the current year to Rs. 58,000 crore in 2011-12 an acceleration of the growth is foreseen in Infrastructure Development.

As of today Sadbhav is executing a large number of projects and has built a healthy order book. We plan to emphasis our focus Roads BOT with equal zest as on our core sectors, with a guarantee of Quality and Punctuality.

The mountain range does not end at one peak. With an experience and knowledge of 20 years, Sadbhav aims to look forward at the growing opportunities in infrastructure development like ports, pipelines and airports.

6. RISKS AND CHALLENGES

As our leader quotes Confucius, "Difficulties are opportunities in work clothes." The wardrobe in Infrastructure Industry is always full, hampering the smooth sailing of the Company's business. 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 an unhampered journey for the Company, Risk management becomes a supreme and vital part of policy planning. The objective of the risk management policy 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, undertakes responsibility of such projects on EPC (Engineering Procurement & Construction) basis. The Company is also into Roads BOT, 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 endeavors 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 proportionate 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. 2209.17 Crores as against Rs. 1256.93 Crores in the previous year, thereby registering a growth of 75.76%.

b) Expense Analysis**Manufacturing and Construction expenses**

Material consumed for the year ended March 31st, 2011 amounted to Rs. 160.26 Crores Construction expenses increased from Rs. 842.87 Crores incurred during 2009-10 to Rs. 1706.67 Crores.

Depreciation, Interest and financial charges

Depreciation during 2010-11 amounted to Rs. 26.85 Crores as against Rs. 23.25 Crores recorded in 2009-10. interest and financial charges increased from Rs. 33.09 Crores in 2009-10 to Rs. 42.69 Crores in 2010-11.

c) Profit Analysis

EBDIT during 2010-11 stood at Rs. 245.29 Crores as against Rs. 154.30 Crores recorded during 2009-10. Profit after tax for 2010-11 stood at Rs. 119.59 Crores as compared to Rs. 53.84 Crores during 2009-10.

d) Net Worth

The company also saw a rise in the Net worth from Rs. 391.51 Crores in 2009-10 to Rs. 625.74 Crores in 2010-11.

e) Dividend

In view of the company's remarkable performance, the Company declared a final dividend of 60%

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 dedication and persistent 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 endeavors 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 2100 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, 2011 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 20th April, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011;
 - (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 : April 20, 2011

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 was 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 five subsidiaries. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 25517.99 lacs and the year-end balance is Rs. 389.35 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 two subsidiaries 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. 456.90 Lacs and the balance at the year end was Rs. Nil.
- 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 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. 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, 2011 for a period of more than six months from the date of becoming payable.
- b) The disputed statutory dues aggregating to Rs.370.26 Lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statue	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 Jajpur	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
08.	Income Tax Act, 1961	Income Tax	2007-08	CIT(A), Ahmedabad	35.7
				TOTAL	370.26

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 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 : April 20, 2011

Balance Sheet as at March 31, 2011

(Rs. in Lacs)

	Schedule	As at 31-03-2011	As at 31-03-2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1498.76	1250.00
Stock option Premium outstanding		210.49	0.00
Reserves & Surplus	2	60865.33	37901.30
		62574.58	39151.30
LOAN FUNDS			
Secured Loans	3	31589.02	27368.03
Unsecured Loans	4	8018.26	15019.10
		39607.28	42387.13
Deferred Tax Liability		1606.99	1407.98
TOTAL		103788.85	82946.41
APPLICATION OF FUNDS			
FIXED ASSETS:	5		
Gross Block		37152.13	33220.98
Less: Depreciation		14176.50	12211.87
Net Block		22975.63	21009.11
INVESTMENTS	6	32642.69	14412.87
CURRENT ASSETS, LOANS AND ADVANCES:			
Inventories	7	6920.81	5399.08
Sundry Debtors	8	68688.71	44077.84
Cash & Bank Balances	9	8458.17	4483.47
Other current Assets	10	728.27	281.95
Loans & Advances	11	58614.20	52348.93
		143410.16	106591.27
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	12	82685.80	52766.87
Provisions	13	12553.83	6299.96
NET CURRENT ASSETS		48170.53	47524.44
MISCELLANEOUS EXPENDITURE (To the extent not written off)	14	0.00	0.00
TOTAL		103788.85	82946.41

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 : 20-04-2011

Shashin V. Patel
Jt. Managing Director

Vijay Kalyani
Company Secretary

Profit and Loss Account for the Year Ended March 31, 2011

(Rs. in Lacs)

	Schedule	2010-2011	2009-2010
INCOME			
Income from Operations	15	220916.75	125692.62
Increase /(Decrease) in Work in progress	16	0.00	0.00
Other Income	17	1950.22	1664.97
		222866.97	127357.59
EXPENDITURE			
Material Consumed	18	16026.14	21066.47
Construction Expenses	19	170666.84	84287.82
Administrative & Other Expenses	20	11622.93	6629.36
Interest & Financial Charges	21	4268.62	3308.62
Depreciation		2685.83	2325.21
Preliminary Expenses Written off		0.00	84.89
Prior Period Adjustments	22	21.82	(141.10)
		205292.18	117561.27
PROFIT BEFORE TAX		17574.79	9796.32
Provision for Taxation:			
Current Tax including wealth Tax Rs. 0.94 Lacs (0.92 Lacs)		5756.21	2970.01
Deferred Tax		199.01	307.53
PROFIT AFTER TAX		11619.57	6518.78
Add/(Less):			
Excess/(Short) Provision of Taxation for Earlier Years		338.98	(1134.55)
NET PROFIT FOR THE YEAR		11958.55	5384.23
Balance Brought Forward from last year		17256.15	13704.96
		29214.70	19089.19
APPROPRIATIONS			
Transfer to General Reserve		1200.00	650.00
Transfer to Debenture Redemption Reserve		600.00	600.00
Proposed Dividend		899.25	500.00
Tax on Proposed Dividend		149.35	83.04
Balance carried to Balance Sheet		26366.10	17256.15
Weighted Average Number of Equity Shares		140608299	127955167
Weighted Average Number of Dilutive Equity Shares		142076382	128992912
Nominal Value per Equity Shares		1.00	1.00
Basic Earning Per Share		8.50	4.21
Diluted Earning Per Share		8.42	4.17

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 : 20-04-2011

Shashin V. Patel

Jt. Managing Director

Vijay Kalyani

Company Secretary

Schedules Forming Part of the Balance Sheet

as at March 31, 2011

(Rs. in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE-1		
SHARE CAPITAL		
AUTHORIZED		
20,00,00,000 (2,00,00,000) Equity Shares of Re 1/- (Rs. 10/-) each	2000.00	2000.00
ISSUED, SUBSCRIBED AND PAID UP		
14,98,75,800 (1,25,00,000) Equity Shares of Re 1/- (Rs. 10/-) each	1498.76	1250.00
Total	1498.76	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
Add: Addition during the year	12198.46	0.00
Less: Right Issue Expenses	(144.37)	0.00
	26929.26	14875.17
Debenture Redemption Reserve		
As per Last Balance Sheet	614.80	14.80
Add: Addition during the year	600.00	600.00
	1214.80	614.80
General Reserve		
As per Last Balance Sheet	4810.18	4160.18
Add: Transferred from Profit & Loss A/c	1200.00	650.00
	6010.18	4810.18
Profit & Loss Account		
	26366.10	17256.15
Total	60865.33	37901.30
SCHEDULE-3		
SECURED LOANS		
11.95% SECURED REDEEMABLE NON CONVERTIBLE DEBENTURES		
Life Insurance Corp. of India (300 (300) Debentures of Rs. 10 Lacs each)	3000.00	3000.00
TERM LOANS		
Term Loan from Banks	3000.00	3000.00
Earth Moving Equipments and Vehicles Loans from Banks	13739.95	6532.62
Earth Moving Equipments and Vehicles Loans from Financial Institutions	1874.64	3370.18
Working Capital Loans- From Banks		
Short Term Demand Loan	2025.80	6750.00
Cash Credit Facility	7948.63	4715.23
Total	31589.02	27368.03

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, 2011

(Rs. in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE-4		
UNSECURED LOANS		
DEPOSIT		
Inter Corporate Deposits	0.00	63.11
WORKING CAPITAL LOANS		
From Banks	8018.26	14000.84
From Financial Institutions & Others	0.00	955.15
Total	8018.26	15019.10

SCHEDULE-5

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2010	ADDITION	DEDUCTION	UP TO 31.03.2011	UP TO 01.04.2010	FOR THE CURRENT YR.	DEDUCTIONS/ ADJUSTMENTS	UP TO 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
Land-Free Hold	164.50	0.00	0.00	164.50	0.00	0.00	0.00	0.00	164.50	164.50
Building	542.17	0.00	0.00	542.17	98.06	11.33	0.00	109.39	432.78	444.10
Furniture	162.38	5.10	0.00	167.48	40.92	10.53	0.00	51.45	116.03	121.47
Office Equipment	391.72	32.49	0.00	424.21	127.39	49.59	0.00	176.98	247.23	264.32
Machineries	30587.35	5588.83	1593.32	34582.85	11105.97	2453.69	657.65	12902.01	21680.84	19481.39
Vehicles	691.33	42.84	81.23	652.94	389.67	80.04	63.56	406.15	246.79	301.66
Computer Software	611.65	6.32	0.00	617.97	449.86	80.66	0.00	530.52	87.45	161.79
Machinery Not put to use	69.88	0.00	69.88	0.00	0.00	0.00	0.00	0.00	0.00	69.88
TOTAL AMOUNT RS.	33220.98	5675.58	1744.44	37152.13	12211.87	2685.83	721.21	14176.50	22975.63	21009.11
PREVIOUS YEAR	26064.83	8948.30	1792.15	33220.98	10610.30	2325.22	723.65	12211.87	21009.11	

SCHEDULE-6

INVESTMENTS

Trade Investment: Long Term & Unquoted

[A] Investment in Subsidiary Companies

[a] Ahmedabad Ring Road Infrastructure Ltd. NIL (8367940) Equity Shares of Rs. 10/- each	0.00	4167.99
[b] Aurangabad Jalna Toll Way Ltd. NIL (1005207) Equity Shares of Rs. 10/- each	0.00	2794.80
[c] Nagpur Sioni Express Way Ltd. 24480000 (24479940) Equity Shares of Rs. 10/- each	2448.00	2447.99
[d] Share Application Money Pending Allotment Nagpur Sioni Express Way Ltd.	499.60	499.60
[e] Sadbhav Infrastructure Project Ltd. 20049940 (49940) Equity Shares of Rs. 10/- each	25972.99	4.99
[f] Maharashtra Border Check Post Network Ltd. 31440 (44940) Equity Shares of Rs. 10/- each	1832.64	2804.50
[g] Rohtak Panipat Tollway Pvt. Ltd. NIL (9990) Equity Shares of Rs. 10/- each	0.00	1.00
[h] Bijapur Hungud Tollway Pvt. Ltd. NIL (15390) Equity Shares of Rs. 10/- each	0.00	1.54
[i] Hyderabad Yadgiri Tollway Pvt. Ltd. NIL (9990) Equity Shares of Rs. 10/- each	0.00	1.00
[j] 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	30754.03	12724.21

Schedules Forming Part of the Balance Sheet

as at March 31, 2011

(Rs. in Lacs)

	As at 31-03-2011	As at 31-03-2010
[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. 6461000 (130000) Equity Shares of Rs. 10/- each	646.10	13.00
[c] Share Application Money Pending Allotment Dhule Palasner Tollway Ltd.	0.00	633.10
Total B	1686.10	1686.10
[C] 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
[c] 20 (NIL) Bonds of Yes Bank of Rs. 10,00,000/- each	200.00	0.00
Total C	202.56	2.56
Agreegate Value of Un-Quoted Investment Rs. 32642.69 Lacs. (Rs. 14412.87 Lacs)		
Total (A)+(B)+{C}	32642.69	14412.87
SCHEDULE-7		
INVENTORIES		
Construction Materials, Stores, Spares and Others (Valued at Cost or Net Realizable Value, whichever is less) (as certified by the Management)	5991.22	4469.49
Work in Progress (at Contract rates as certified by the Management)	929.59	929.59
Total	6920.81	5399.08
SCHEDULE-8		
SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD)		
Debts outstanding for more than six months	6092.26	2562.71
Other Debts (Other Debts includes Rs. 23711.41 lacs (Rs. 6932.86 lacs) from Subsidiary Companies)	62596.45	41515.13
Total	68688.71	44077.84
SCHEDULE-9		
CASH & BANK BALANCES		
(A) Cash on Hand	18.64	7.02
(B) Balances with Scheduled Banks:		
(a) In current Accounts	1408.13	3995.79
(b) In Fixed Deposit Accounts		
Margin Money	0.00	99.53
Others	7031.40	381.13
Total	8458.17	4483.47
SCHEDULE-10		
OTHER CURRENT ASSETS (UNSECURED)		
Interest accrued on Fixed Deposits with Banks	129.39	12.82
Excise Claim Receivable	257.97	269.13
Income Tax Refund Receivable	340.91	0.00
Total	728.27	281.95

Schedules Forming Part of the Balance Sheet

as at March 31, 2011

(Rs. in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE-11		
LOANS AND ADVANCES		
(Unsecured, Considered good)		
Loan to Subsidiary Companies	389.35	14230.17
Loan to Others	2985.76	6983.17
Advances to Suppliers for Goods / Services	25455.63	15402.07
Advances to Suppliers for Fixed Assets	661.53	0.00
Advances recoverable in cash or kind or value to be received	3967.26	2854.90
Retention Money Deducted by Clients	11393.19	6052.33
Security and other Deposits	2206.46	790.86
Advance Income Tax	11530.68	6011.10
Advance Fringe Benefit Tax	24.35	24.35
Total	58614.20	52348.93
SCHEDULE-12		
CURRENT LIABILITIES		
Sundry Creditors		
Dues to Small Scale Industrial Undertaking	0.00	0.00
Unpaid Dividend	2.32	2.27
Unpaid IPO & Right Issue Money	1.77	0.00
Goods / Services / Others	16909.30	14311.32
Sundry Creditors - Capital Goods	387.48	0.00
Advances received from Clients	48873.06	32421.39
Book Overdrafts	430.76	116.46
Trade Deposits	7006.29	5230.01
Advance received from subsidiary against sale of shares in other subsidiaries	6465.04	0.00
Interest Accrued but not due	211.92	35.75
Other Liabilities	2397.85	649.67
Total	82685.80	52766.87
Note :-Advance received from clients includes Rs. 30740.46 Lacs (Rs. 16646.86 Lacs) from Subsidiary Companies		
SCHEDULE-13		
PROVISIONS		
Proposed Dividend	899.25	500.00
Tax on Proposed Dividend	149.35	83.04
Provision of Income Tax	11406.70	5651.42
Provision of Fringe Benefit Tax	24.83	24.83
Wealth Tax Provision	0.97	0.94
Provision for Gratuity	72.73	39.73
Total	12553.83	6299.96
Note :- There was no amount outstanding as on 31.03.2011, 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	0.00	84.89
Less: Written off during the year	0.00	84.89
Total	0.00	0.00

Schedules Forming Part of the Profit and Loss Account

for the Year Ended March 31, 2011

(Rs. in Lacs)

	2010-2011	2009-2010
SCHEDULE-15		
INCOME FROM OPERATIONS		
Contract Receipts	220916.75	125653.54
Interest Received	0.00	39.08
Total	220916.75	125692.62
SCHEDULE-16		
INCREASE/(DECREASE) IN WORK IN PROGRESS		
Opening Work in Progress	929.59	929.59
Less: Closing Work in Progress	929.59	929.59
Total	0.00	0.00
SCHEDULE-17		
OTHER INCOME		
Profit on sales of Assets	78.61	326.48
Foreign Exchange Gain	231.90	0.00
Miscellaneous Income	1639.71	1338.49
Total	1950.22	1664.97
SCHEDULE-18		
MATERIAL CONSUMED		
Opening Stock	4231.66	1673.91
Add: Purchases	17326.79	23624.22
	21558.45	25298.13
Less: Closing Stock of material	5532.31	4231.66
Total	16026.14	21066.47
SCHEDULE-19		
CONSTRUCTION EXPENSES		
Labour Expenses	154679.30	72412.92
Diesel & Oil Expenses	13391.92	9975.24
Stores Consumed	256.16	180.77
Repairs & Maintenance-Construction Machineries	911.58	572.06
Repairs & Maintenance-Building & Others Assets	17.89	26.61
Transportation Expenses	229.74	166.15
Machinery Rent	209.85	389.43
Electricity Expenses	135.21	55.55
Land Rent	119.98	115.09
Site Establishment Expenses	459.44	207.83
Mess Expenses	255.77	186.17
Total	170666.84	84287.82

Schedules Forming Part of the Profit and Loss Account

for the Year Ended March 31, 2011

(Rs. in Lacs)

	2010-2011	2009-2010
SCHEDULE-20		
ADMINISTRATIVE & OTHER EXPENSES		
Expenses on Employees:		
Salary, Wages and Bonus	2606.82	1725.67
Contribution to Provident & Other Funds	132.10	68.24
Workmen and Staff Welfare Expenses	339.17	90.26
Rent	136.73	97.74
Rates & Taxes	4084.96	1864.02
Vehicle Rent	105.14	80.24
Running & Maintenance of Vehicles	80.61	63.32
Insurance	404.65	187.27
Postage & Telephone	57.66	62.25
Stationary & Printing	53.17	47.67
Traveling & Conveyance Expenses, incl. Foreign Traveling Expenses Rs. 0.82 Lacs (Rs. 16.89 Lacs)	121.54	101.03
Directors' Traveling & Conveyance Expenses, incl. Foreign Traveling Expenses Rs. NIL (Rs. 0.72 Lacs)	11.59	19.62
Legal and Consultation Fees & Expenses	1175.64	925.01
Bank Guarantee Commission	1013.66	348.81
Other Bank Charges	219.97	146.46
Managing Director's Remuneration	165.00	97.50
Whole time Directors' Remuneration	120.00	99.00
Donation Expenses	123.13	149.67
Audit Fees & Other Expenses	15.66	12.79
Loss on Sales of Assets & Written Off	211.45	144.54
Miscellaneous Expenses	444.28	298.25
Total	11622.93	6629.36
SCHEDULE-21		
INTEREST AND FINANCIAL CHARGES		
(a) Interest Paid to Banks		
Interest Paid on Term Loans	2452.85	1218.59
Interest Paid on Other Bank Facilities	1024.35	860.84
(b) Interest paid to Financial Institutions & Others		
	791.42	1229.19
Total	4268.62	3308.62
SCHEDULE-22		
PRIOR PERIOD ADJUSTMENTS		
Debit Items:		
Material Consumed	0.00	(30.50)
Construction Expenses	61.82	45.03
Administrative Expenses	(40.00)	(141.60)
Interest Paid	0.00	(26.80)
Total A	21.82	(153.87)
Credit Items:		
Interest on F.D.R.	0.00	(1.17)
Other Income	0.00	(11.60)
Total B	0.00	(12.77)
Net Debit/(Credit) A-B	21.82	(141.10)

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 Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant 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. 500000/- are recognized in the same year. However income and expenses over and above Rs. 500000/- 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:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. On such indication, the recoverable amount of the assets is estimated and if such estimation is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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 accrued.

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) Initial Recognition

- Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii) 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.
- iii) 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.
- iv) 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.
- v) 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.
- vi) 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:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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) Cash and Cash Equivalent:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

q) 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, license 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.

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", Deferred Tax Assets/Liabilities arising are as follows:-

	(Rs. in Lacs)	
Particulars	2010-11	2009-10
Opening Balance of Deferred Tax Liability	1407.98	1100.45
Add: Deferred Tax Liability/(Assets) accrued during the year Due to Timing difference of Depreciation	209.97	312.14
Less: Provision of Tax on Provision of Gratuity	(10.96)	(4.61)
Closing Balance of Deferred Tax Liability	1606.99	1407.98

6) Contingent Liability:

- a) The Company has given counter guarantee to the Bank for Rs. 127024.82 Lacs (Rs. 85427.56 Lacs) against the guarantee given by the Bank.
- b) Outstanding Balance of Letter of Credit is Rs. 477.67 Lacs (Rs. Nil).
- c) Demand under Orissa Sales Tax Act Rs. 4.55 Lacs (Rs. 4.55 Lacs)
- d) Demand under Orissa Sales Tax Act for Entry Tax Rs. 0.75 Lacs (Rs. 0.75 Lacs)
- e) Demand of Custom duty towards import of Machineries Rs.104.95 Lacs (Rs.104.95 Lacs)
- f) Demand under Income Tax Act,1961 Rs. 192.72 Lacs (Rs. 157.02 Lacs)
- g) Demand under Service Tax Act,1994 Rs. 67.29 Lacs (Rs. 67.29 Lacs)
- h) Company has given corporate guarantee to banks for Rs. 212 crores (Rs. 171 Crores) 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.

- 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) With regards to insertion of explanations with retrospective effect from 01-04-2000 in section 80-IA (4) of the Income Tax Act, 1961 read with sub section (13), the Company has received Notice under section 148 of the Income Tax Act, 1961 in Financial Year 2009-10 for re-opening of assessment from Assessment Year 2003-04 to 2007-08, against which Company has filed a Special Civil Applications in the High Court of Gujarat. High Court of Gujarat has quashed the Notice issued under section 148 for the Assessment Year 2003-04 & 2004-05 and for remaining assessment years it has directed the department of Income Tax to complete the assessments without serving the notice of demand on the company. Accordingly Income Tax Department has completed the assessments from A.Y. 2005-06 to 2007-08 and intimated to the company without serving notice of demand. Further, the company has filed writ petition with High Court of Gujarat for challenging constitutional validity for insertion of explanations with retrospective effect and writ has been admitted. At present the matter is sub judice, hence quantification of liability cannot be ascertained.

- 9) As per the Accounting Standard 11, "The effect of Change in Foreign Exchange Rates", the required disclosure are given below:

The company uses Currency Option 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 Option and Interest Swap to hedge against foreign currency exchange rates and fluctuations in interest rate changes:

Particulars	Outstanding as at March 31st, 2011	Outstanding as at March 31st, 2010
No. of Contracts	3	1
Currency Option-Repayment (Amount in Lacs)		
- Equivalent INR	12610.58	4353.86
- Equivalent USD	282.43	96.98
Interest Swap (Amount in Lacs)		
- Equivalent INR	2560.84	1055.99
- Equivalent USD	57.35	23.52

10) Employee Benefits:

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

(a) Defined Contribution Plan:

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

Particulars	2010-11	2009-10
Employer's Contribution to Provident Fund	68,44,890/-	42,47,416/-

(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, 2011.

I. Net Assets/Liability recognized in the Balance Sheet are as follows: (Rs. in Lacs)

	2010-11	2009-10
(a) Present Value Funded Obligations	163.59	94.83
(b) Fair Value of Plan Assets	90.86	55.10
(c) Liability Recognized in the Balance Sheet	72.73	39.73

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)

	2010-11	2009-10
(a) Current Service Cost	38.60	19.46
(b) Interest on obligation	7.82	5.65
(c) Expected Return on plan assets	(6.22)	(4.21)
(d) Net Actuarial Losses / (Gains) recognized in the year	24.17	(3.88)
(e) Past Service Cost	NIL	NIL
(f) Losses/Gain on curtailment & Settlement	NIL	NIL
NET GRATUITY COST	64.37	24.78

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

	2010-11	2009-10
(a) Opening Defined Benefit Obligation	94.83	68.41
(b) Service Cost for the year	38.60	19.46
(c) Interest Cost for the year	7.82	5.64
(d) Actuarial Losses	25.61	3.47
(e) Benefits Paid	(3.28)	(2.15)
(f) Closing Defined Benefit obligation	163.59	94.83

IV. Reconciliation of Opening & Closing Balance of Fair Value of Plan Assets:

(Rs. in Lacs)

	2010-11	2009-10
(a) Opening fair value of plan assets	55.10	42.23
(b) Expected Return	6.22	4.21
(c) Actuarial Gains	1.45	(0.41)
(d) Contribution by the employer	30.65	11.11
(d) Benefits paid	(2.56)	(2.04)
(e) Closing fair value of the plan assets	90.86	55.10

V. Major Category of plan assets as a percentage of total plan assets as on 31-03-2011 are as under

	2010-11	2009-10
(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:

	2010-11	2009-10
(a) Discount Rate as on 31-03-2011	8.50%	8.25%
(b) Expected return on plan assets at 31-03-2011	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.

- 11) As per Accounting Standard-17, "Segment Reporting, 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.
- 12) As per Accounting Standard 18, "Related Party Disclosure", 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, Mumbai Nasik Expressway Ltd., Dhule Palesner Tollway Ltd.

Subsidiary:

Sadbhav Infrastructure Project Limited, Nagpur-Seoni Express Way Limited, Sadbhav Mining Limitada Mozambique.

Subsidiaries of Subsidiary:

Ahmedabad Ring Road Infrastructure Limited, Aurnagabad-Jalna Toll Way Limited, Rohtak-Panipat Tollway Pvt. Ltd, Bijapur-Hungund Tollway Pvt. Ltd, Hyderabad-Yadgiri Toll Way Pvt. Ltd. and Maharashtra Border Check Post Network Ltd.

Joint Ventures:

Sadbhav-Prakash JV and 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, Veer Procon Ltd.

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	70867.25 (13872.75)	24550.58 (4986.07)	--- (--)	--- (--)	5433.32 (6303.01)
Receiving of services	52.80 (24.60)	--- (--)	--- (--)	--- (--)	--- (--)
Balance Receivable at the year end	12951.58 (1545.86)	7857.05 (1971.07)	--- (--)	--- (--)	1551.48 (1266.53)
Sub contracting Expenditure	--- (--)	--- (--)	--- (--)	2746.74 (1952.80)	--- (--)
Remuneration Paid	--- (--)	--- (--)	285.00 (202.27)	--- (--)	--- (--)
Interest paid	--- (--)	17.08 (17.21)	--- (--)	--- (--)	--- (--)
Rent & Service charges paid	--- (--)	--- (--)	--- (--)	6.75 (6.99)	--- (--)
Fixed Assets Purchases/(sales)	--- (6.49)	--- (--)	--- (--)	(36.74) (84.04)	--- (--)
Other Expenses	--- (--)	0.39 (52.00)	--- (--)	--- (--)	--- (--)
Balance Payable at the year end	--- (--)	--- (--)	--- (--)	240.67 (35.52)	--- (--)
Sale of Share	7932.71 (--)	--- (--)	--- (--)	--- (--)	--- (--)
Advance received for Sale of shares	6468.58 (--)	--- (--)	--- (--)	--- (--)	--- (--)
Loan given during the year	19139.89 (19213.79)	--- (--)	--- (--)	--- (--)	--- (--)
Interest Recd. On Loan	619.17 (354.71)	--- (--)	--- (--)	--- (--)	--- (--)
Loan Outstanding at the year end	389.35 (14230.17)	--- (--)	--- (--)	--- (--)	--- (--)
Deposit received during the year	26141.12 (14146.27)	3358.02 (2922.06)	--- (--)	133.64 (840.02)	1357.24 (4.87)
Deposit repaid during the year	13500.06 (1114.17)	3300.23 (690.94)	--- (--)	226.92 (800.00)	719.75 (562.56)
Closing Balance: Deposits Received	29082.11 (16310.46)	2305.56 (2231.12)	--- (--)	-50.45 (42.83)	802.32 (164.83)
Donation Given	--- (--)	0.20 (52.00)	--- (--)	--- (--)	--- (--)
Dividend Paid during the year	--- (--)	26.99 (26.99)	135.18 (135.18)	75.00 (75.00)	--- (--)

NOTE :-

- Sub-contracting income from subsidiaries includes Rs. 46322.28 Lacs (Rs. 4951.05 Lacs) and Rs. 16462.86 Lacs (Rs. Nil) from Bijapur-Hungud Tollway Ltd and Hyderabad-Yadgiri Tollway Project Ltd. respectively and at the year end Rs. 5604.01 and Rs. 5325.19 are receivable respectively from the above parties.
- Sub - Contract Expenditure of relatives of Key Managerial Personnel includes Rs. 2289.41 Lacs (Rs. 1737.77) payable to Sarjan Infracon. and Rs. 385.73 (215.03) to Veer Trans, at the year end Rs. 240.16 Lacs (Rs. 8.59 Lacs) and Rs. Nil (51.83) are outstanding respectively of the above parties.

13) 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	2010-11		2009-10	
	Maximum Balance	Closing Balance	Maximum Balance	Closing Balance
Aurnagabad-Jalna Tollway Ltd.	1419.70	Nil	1466.70	1419.70
Maharashtra Border Check Post Network Ltd.	4484.36	247.08	4491.56	4484.36
Nagpur - Seoni Expressway Ltd.	5053.88	142.27	4984.87	4962.88
Sadbhav Infrastructure Proj. Ltd.	12497.71	Nil	3412.86	3363.23
Hyderabad-Yadgiri Tollway Ltd.	2062.34	Nil	Nil	Nil

(Note :- Loans to subsidiaries includes interest free loan to Aurangabad-Jalna Tollway Ltd and Hyderabad-Yadgiri Tollway Ltd. However no balance is outstanding at the end of the year.)

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.

14) During the year, pursuant to the shareholders agreement and share subscription agreement dated 18th August, 2010, private equity investor's have acquired 36,21,004 equity shares on fully diluted basis & acquired 22,50,774 - 0.01% Compulsory Convertible Cumulative Preference Shares (CCCPS) by investing Rs. 400/- crores in Sadbhav Infrastructure Project Limited, a Company's subsidiary.

15) Investment:

i. During the year, as a part of group restructuring investment made in following project specific SPVs have been transferred to a company's subsidiary Sadbhav Infrastructure Project Limited.

1. Transfer of shares of Project Specific SPVs.

Sr. No.	Name of Project Specific SPV	Number of Shares Transferred
1	Ahmedabad Ring Road Infrastructure Ltd.	8367940
2	Aurangabad-Jalna Toll Way Ltd.	1005207
3	Maharashtra Border Check Post Network Ltd.	13500
4	Rohtak-Panipat Tollway Pvt. Ltd.	9990
5	Bijapur-Hungund Tollway Pvt. Ltd.	15390
6	Hyderabad-Yadgiri Tollway Pvt. Limited	9990

2. Shares of following Project Specific SPVs are in process for transferring to a company's subsidiary Sadbhav Infrastructure Project Limited.

Sr. No.	Name of Project Specific SPV	Number of Shares
1	Mumbai Nasik Expressway Ltd.	10400000
2	Dhule Palesner Tollway Ltd.	6461000
3	Nagpur-seoni Express way Ltd.	24479940
4	Maharashtra Border Check Post Network Ltd.	25500

Against aforesaid pending transfer of shares, amount received from Sadbhav Infrastructure Project Limited have been shown as "Advance Received from subsidiary against sale of shares in other subsidiaries" in Schedule-12 under Current Liabilities.

ii. 96,00,000 Shares have been pledged out of 2,44,79,940 shares held in Nagpur-Seoni Express way Ltd. with their lenders

iii. Entire 1,04,00,000 shares held in Mumbai Nasik Expressway Ltd., are pledged with lenders of Mumbai Nasik Expressway Ltd.

iv. 68,850 Shares have been pledged out of 64,61,000 shares held in Dhule Palesner Tollway Ltd. with lenders.

v. Movement in investment made by the Company during the year:

(Rs. in Lacs)

Name of the Investment	Purchased during the year		Transferred during the year	
	Units	Amount	Units	Amount
Ahmedabad Ring Road Infrastructure Ltd.	--- (---)	--- (---)	8367940 (---)	4167.99 (---)
Aurangabad-Jalna Toll Way Ltd.	--- (---)	--- (---)	1005207 (---)	2794.80 (---)
Maharashtra Border Check Post Network Ltd.	--- (19500)	--- (2209.67)	13500 (---)	969.91 (---)
Hyderabad-Yadgiri Tollway Pvt. Limited	--- (9990)	--- (1.00)	9990 (---)	1.00 (---)
Bijapur-Hungund Tollway Pvt. Ltd.	--- (15390)	--- (1.54)	15390 (---)	1.54 (---)
Rohtak-Panipat Tollway Pvt. Ltd.	--- (9990)	--- (1.00)	9990 (---)	1 (---)
Sadbhav Infrastructure Project Ltd.	20000000 (---)	25968.00 (---)	--- (---)	--- (---)
J P Morgan India Treasure Fund	40577498 (---)	5000.00 (---)	40577498 (---)	5006.95 (---)
UTI Treasure Advantage Fund	78528 (---)	1000.00 (---)	78528 (---)	1001.26 (---)
Reliance Money Manager Fund-Growth	184535 (---)	3900.00 (---)	184535 (---)	3916.40 (---)
Reliance Money Manager Fund-Dividend	49932 (---)	500.00 (---)	49932 (---)	500.30 (---)
TATA Floter Fund	19158176 (---)	2700.00 (---)	19158176 (---)	2704.91 (---)

16) As per the Accounting Standard-27 'Financial Reporting of Interest in Joint Venture', 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	SEL-GKC (Vishakapatnam Project)	Jointly Controlled Operation	50%
3	SEL-GKC (Karimnagar Project)	Jointly Controlled Operation	52%
4	SEL-GKC (Omkareshwar Project)	Jointly Controlled Operation	40%
5	SEL-GKC (Managuru Project)	Jointly Controlled Operation	51%
6	SELL-GKC (Govindpur Projects)	Jointly Controlled Operation	50%

17) Details of share of % holding in the Joint Venture Entities are as under.

Name of the Joint Venture Entity	% of Holding
Dhule Palasner Tollway Ltd. (DTPL)	27% (27%)
Mumbai - Nasik Expressway Ltd (MNEL)	20% (20%)

- (a) The audited/ provisional financial statements of the above entities are not available at time of finalisation of accounts, hence share in Assets, Liabilities, Income and expenditure of the Company in its Joint Venture Entity has not been given.
- (b) In case of MNEL, commercial operations are started during the year. And in case of DTPL, the project is under construction and commercial activities are not started.

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

(Rs. in Lacs)

	As At 31-03-2011	As At 31-03-2010
(1) Amount of Contract Revenue recognised as revenue during the period	220916.75	125653.54
(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	331270.38	282911.90
(b) Advances Received	44861.04	32416.99
(C) Retention Amount	7967.68	3935.83
(3) Amount due from Customers for Contract in Progress	26287.86	22413.54
(4) Amount due to Customers for Contract in Progress	Nil	Nil

- 19) There was no impairment Loss on fixed assets on the basis of review carried out by the management in accordance with Accounting Standard-28 "Impairment of Assets"

20) **Construction material and store consumed:** (Rs. in Lacs)

Particulars	2010-11		2009-10	
	Value	%	Value	%
Imported	0.00	0.00%	0.00	0.00%
Indigenous	16282.30	100.00%	21247.24	100.00%
Total	16282.30	100.00%	21247.24	100.00%

21) **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)	764.16	42.97

22) **Expenditure in Foreign currencies:** (Rs. in Lacs)

	Current Year	Previous Year
(i) Traveling Expenses	0.82	3.05
(ii) Interest	292.97	61.42
(iii) Professional Fess	8.11	NIL
(iv) Dividend	120.14	115.93

(During the year company has paid dividend to 30 (15) F.I.I. and 79 (122) Non Resident Indian on 29,97,805 shares (28,78,839 shares) and 5,666 shares (19508 shares) respectively.

23) **Earning of foreign exchange on account of:** (Rs. in Lacs)

	Current Year	Previous Year
Exports (Deemed exports)	NIL	20.70
Interest Received	458.93	448.05

24) **Borrowing Cost:**

During reported year, company has capitalized borrowing cost Rs. 19,16,720 (NIL) according to AS-16 Borrowing Cost.

25) **Right Issue Expenses :**

During the current year, company has allotted 62,50,000 Right Shares having face value of Re 1 each at Premium of Rs. 71.50 per shares and allotted 1,86,25,800 equity shares of Re 1 each at a premium of Rs. 41.50 per shares against the conversion of 1,86,25,800 warrants. The company has written off Right issue expenses aggregating Rs. 144.37 Lacs in Securities Premium Account.

- 26) 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.

27) **Payment to Auditors:** (Rs. in Lacs)

	Current Year	Previous Year
(i) Audit Fees	10.48	8.82
(ii) Tax Audit Fees	1.93	1.65
(iii) Certification & Other Fees	3.03	2.13
(iv) Reimbursement of Expenses	0.22	0.18
Total	15.66	12.78

28) Earning Per Share (EPS)**Reconciliation of Weighted number of Equity Shares outstanding at the end of year:**

Particulars	As at 31/03/2011	As at 31/03/2010
Nominal Value of Equity Share (Re per share)	1.00	1.00
For Basic EPS:		
Number of Equity Shares at the beginning	12,50,00,000	12,50,00,000
Add: Right issue in the Ratio of 20:1	62,50,000	---
Add: Equity Shares allotted on conversion of detachable warrant in Equity Shares	1,86,25,800	---
Number of Equity Shares at end	14,98,75,800	12,50,00,000
Weighted Average number of Equity Shares	14,06,08,299	12,79,55,167
For Diluted EPS		
Weighted Average number of Equity Shares as per above working	14,06,08,299	12,79,55,167
Add: On Grant of Stock Option under ESOP	14,68,083	10,37,745
Weighted Average number of Dilutive Equity Shares	14,20,76,382	12,89,92,912

The weighted Shares have been determined with reference to the respective dates of allotment of Shares issued under warrants. The effect of right issue, issues of warrant and ESOP have been considered for current period as well as previous reporting period.

Signatories to Schedule 1 to 23

As per our Audit Report of even date attached

For Shashikant Patel Associates

Chartered Accountants
Firm Reg. No. 113672W

S. D. PATEL

Proprietor
Membership No. 37671

Place : Ahmedabad
Date : 20-04-2011

For and on behalf of Board

V. M. Patel
Managing Director

Shashin V. Patel
Jt. Managing Director

Nitin R. Patel
Executive Director

Vijay Kalyani
Company Secretary

Cash Flow Statement for the Year 2010-2011

	(Rs. in Lacs)	
Particulars	2010-2011	2009-2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit after Tax as per Profit and loss account	11958.55	5384.23
Adjustments For :		
Net Interest Expenses	2839.54	2383.63
Depreciation	2685.83	2325.21
Preliminary Expenses	0.00	84.89
Profit on sale of Assets	(78.61)	(326.48)
Loss on sale of Assets	211.45	144.54
Stock Option Premium	210.49	0.00
Income Tax Provision	5416.29	4103.64
Wealth Tax Provision	0.94	0.92
Deferred Tax Liabilities/(Assets)	199.01	307.53
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	23443.49	14408.11
Adjustment For :		
Trade & other Receivable	(24940.62)	(16488.73)
Inventories	(1521.73)	(2644.05)
Work in Progress	0.00	0.00
Loans & Advances	(18583.92)	(9533.64)
Trade Payable	23310.74	26823.42
	(21735.54)	(1843.00)
Cash generated from Operations	1707.95	12565.11
Tax Paid	(5181.50)	(2345.03)
Net Cash From Operating Activities	(3473.55)	8631.88
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase of Fixed Assets	(5605.70)	(8401.18)
Sales of Fixed Assets	820.50	703.35
Investments in Subsidiary Companies	(18029.82)	(2805.50)
Investments in Associate Companies	0.00	(646.10)
Investments against QIP Proceeds	0.00	1499.00
Other Investments	(200.00)	0.00
Advance received from subsidiary against sale of shares in other subsidiaries	6465.04	0.00
Investment in Fixed Deposits against Margin	99.53	(71.68)
Loan to Subsidiary Companies	13840.82	(13507.41)
Loan to Others	3997.41	(336.67)
Interest Received	1312.51	898.19
	2700.28	(22668.00)
Net Cash From Investing Activities	2700.28	(22668.00)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Fresh Capital	12302.85	
Proceeds From Borrowings	25673.69	104854.91
Repayment of Borrowings	(28453.55)	(83579.00)
Interest Paid	(4092.45)	(3246.07)
Dividend Paid	(500.00)	(500.00)
Dividend Tax Paid	(83.04)	(84.98)
	4847.50	17444.86
Net Cash From Financing Activities	4847.50	17444.86
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	4074.23	3408.74
OPENING BALANCE OF CASH & CASH EQUIVALENTS	4383.94	975.20
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	8458.17	4383.94
COMPONENTS OF CASH & CASH EQUIVALENTS		
CASH ON HAND	18.64	7.02
BALANCE IN CURRENT ACCOUNT WITH BANKS	1408.13	3995.79
BALANCE IN FIXED DEPOSITS NOT KEPT AS MARGIN	7031.40	381.13

As per our Audit Report of even date attached

For Shashikant Patel Associates

Chartered Accountants
Firm Reg. No. 113672W

S. D. PATEL

Proprietor
Membership No. 37671

Place : Ahmedabad

Date : 20-04-2011

For and on behalf of Board

V. M. Patel

Managing Director

Nitin R. Patel

Executive Director

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 Bonus Issue

Right Issue Private Placement

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

Total Liabilities	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="5"/>	Total Assets	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="5"/>
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="4"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="6"/>	Net Fixed Assets	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="3"/>
Reserves & Surplus	<input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="3"/>	Investments	<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/>
Secured Loans	<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="2"/>	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=""/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="6"/>	Net Current Assets	<input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="4"/>
Deferred Tax Liability	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="9"/>	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="2"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="7"/>	Profit after tax	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="7"/>
Total Expenditure	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/>	Earning per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="0"/>
Profit before tax	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="9"/>	Dividend Rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <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

***Consolidated
Financial
Statements***

Auditors' Report on the Consolidated Financial Statements

To,

The Board of Directors of

Sadbhav Engineering Limited

on the Consolidated Financial Statements

1. We have examined the attached Consolidated Balance Sheet of Sadbhav Engineering Limited, its subsidiaries, Sadbhav Infrastructure Project Limited (SIPL), Nagpur-Seoni Express Way Limited and subsidiaries of SIPL, Ahmedabad Ring Road Infrastructure Limited, Aurnagabad-Jalna Toll Way Limited, Rohtak-Panipat Tollway Pvt. Ltd., Bijapur-Hungund Tollway Pvt. Ltd., Hyderabad-Yadgiri Toll Way Pvt. Ltd. and Maharashtra Border Check Post Network Ltd., at 31st March, 2011, 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.
2. 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.
3. We did not audit the financial statements of Sadbhav Infrastructure Project Limited (SIPL), Nagpur-Seoni Express Way Limited, Ahmedabad Ring Road Infrastructure Limited, Aurnagabad-Jalna Toll Way Limited, Rohtak-Panipat Tollway Pvt. Ltd, Bijapur-Hungund Tollway Pvt. Ltd., Hyderabad-Yadgiri Toll Way Pvt. Ltd. and Maharashtra Border Check Post Network Ltd., whose financial statements reflect total assets of Rs. 2388.26 crores at 31st March 2011, total revenue of Rs. 130.44 crores, Loss of Rs. 42.52 crores and net cash flow amounting to Rs. 48.61 crores in the consolidated 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.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and on the basis of the separate audited financial statements of its subsidiaries, Sadbhav Infrastructure Project Limited (SIPL), Nagpur-Seoni Express Way Limited and subsidiaries of SIPL, Ahmedabad Ring Road Infrastructure Limited, Aurnagabad-Jalna Toll Way Limited, Rohtak-Panipat Tollway Pvt. Ltd, Bijapur-Hungund Tollway Pvt. Ltd., Hyderabad-Yadgiri Toll Way Pvt. Ltd. and Maharashtra Border Check Post Network Ltd.

5. 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 Subsidiaries, 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 2011.
- 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 : April 20, 2011

Consolidated Balance Sheet as at March 31, 2011

(Rs. in Lacs)

	Schedule	As at 31-03-2011	As at 31-03-2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1498.76	1250.00
Stock option Premium outstanding		210.49	0.00
Reserves & Surplus	2	85514.77	34212.31
		87224.02	35462.31
Minority Interest	3	20173.46	5825.47
LOAN FUNDS			
Secured Loans	4	182318.15	129088.69
Unsecured Loans	5	17964.71	16418.91
		200282.86	145507.60
Deffered Tax Liability		1606.99	1410.64
TOTAL		309287.33	188206.02
APPLICATION OF FUNDS			
FIXED ASSETS:	6		
Gross Block		144656.37	108132.55
Less: Depreciation		26429.19	19209.10
Net Block		118227.18	88923.45
CAPITAL WORK IN PROGRESS		113590.23	41082.27
EXPENDITURE DURING CONSTRUCTION PERIOD (PENDING ALLOCATION)		12036.30	0.00
INVESTMENTS	7	2541.56	8046.40
CURRENTS ASSETS, LOANS AND ADVANCES:			
Inventories	8	7356.81	5835.08
Sundry Debtors	9	58712.65	44081.20
Cash & Bank Balances	10	13650.02	5068.12
Other current Assets	11	6032.03	4641.13
Loans & Advances	12	37283.06	36951.09
		123034.57	96576.62
Less: CURRENT LIABILITIES AND PROVISIONS	13		
Current Liabilities		47457.41	45789.25
Provisions		12685.10	668.99
NET CURRENT ASSETS		62892.06	50118.38
MISCELLANEOUS EXPENDITURE (To the extent not written off)	14	0.00	35.52
TOTAL		309287.33	188206.02

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 : 20-04-2011

Shashin V. Patel

Jt. Managing Director

Vijay Kalyani

Company Secretary

Consolidated Profit and Loss Account for the Year Ended March 31, 2011

(Rs. in Lacs)			
	Schedule	2010-2011	2009-2010
INCOME			
Income from Operations	15	233619.01	133438.01
Increase /(Decrease) in Work in progress	16	0.00	436.00
Other Income	17	1987.99	1985.38
		235607.00	135859.39
EXPENDITURE			
Material Consumed	18	16026.14	21185.58
Construction, Toll Plaza and Road Maintenance Expenses	19	171422.42	85051.64
Administrative & Other Expenses	20	13405.49	9588.99
Interest & Financial Charges	21	14350.79	11319.60
Depreciation		7885.72	5644.91
Preliminary Expenses Written off		35.52	94.68
Prior Period Adjustments	22	21.82	(141.10)
		223147.90	132744.30
Less: Transferred to Capital Work In Progress		1632.79	4146.99
		221515.11	128597.31
PROFIT / (LOSS) BEFORE TAX		14091.89	7262.08
Provision for Taxation:			
Current Tax including wealth Tax Rs.0.94 Lacs (Rs.0.92 Lacs)		6533.01	3141.53
Deffered Tax		196.35	310.19
PROFIT AFTER TAX		7362.53	3810.36
Add/(Less):			
Excess/(Short) Provision of Taxation for Earlier Years		344.12	(1134.55)
NET PROFIT FOR THE YEAR		7706.65	2675.81
Add/(Less): Share of (Profit)/ Loss Transferred to Minority Interest		1571.76	951.98
Net Profit for the year after Minority Interest		9278.41	3627.79
Balance Brought Forward from last year		13487.17	11692.42
		22765.58	15320.21
APPROPRIATIONS			
Transfer to General Reserve		1200.00	650.00
Transfer to Debenture Redemption Reserve		600.00	600.00
Proposed Dividend		899.25	500.00
Tax on Proposed Dividend		149.35	83.04
Balance carried to Balance Sheet		19916.98	13487.17
Weighted Average Number of Equity Shares		140608299	127955167
Weighted Average Number of Dilutive Equity Shares		142076382	128992912
Nominal Value per Equity Shares		1.00	1.00
Basic Earning Per Share		6.60	2.84
Diluted Earning Per Share		6.53	2.81

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 : 20-04-2011

Shashin V. Patel

Jt. Managing Director

Vijay Kalyani

Company Secretary

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2011

(Rs. in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE-1		
SHARE CAPITAL		
AUTHORIZED		
20,00,00,000 (2,00,00,000) Equity Shares of Re 1/- each	2000.00	2000.00
ISSUED, SUBSCRIBED AND PAID UP		
14,98,75,800 (1,25,00,000) Equity Shares of Re 1/- each	1498.76	1250.00
Total	1498.76	1250.00
SCHEDULE-2		
RESERVES & SURPLUS		
Capital Reserve		
As per Last Balance Sheet	424.99	3225.00
Additions during the year (Net)	31018.57	0.00
Less :- Goodwill created during the year	0.00	(2800.01)
	31443.56	424.99
Security Premium Account		
As per Last Balance Sheet	14875.17	14875.17
Add: Addition during the year	13238.32	0.00
Less: Right Issue Expenses/	(144.37)	0.00
Less: Share Issue Expenses Written off	(1039.87)	0.00
	26929.25	14875.17
Debenture Redemption Reserve		
As per Last Balance Sheet	614.80	14.80
Add: Addition during the year	600.00	600.00
	1214.80	614.80
General Reserve		
As per Last Balance Sheet	4810.18	4160.18
Add: Transferred from Profit & Loss A/c	1200.00	650.00
	6010.18	4810.18
Profit & Loss Account		
	19916.98	13487.17
Total	85514.77	34212.31
SCHEDULE-3		
MINORITY INTEREST		
Opening Balance	5825.47	6776.95
Add: Fresh Credits on account of Share Capital	700.38	0.51
Add: Share of Profit/(Loss) during the year	(1571.76)	(951.99)
Add: Share of Security Premium	17975.05	0.00
Less: Transfer to Subsidiary	(4396.82)	0.00
Add: Share of Grant from Ahmedabad Urban Development Authority	1641.14	0.00
Total	20173.46	5825.47

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2011

(Rs. in Lacs)

	As at 31-03-2011	As at 31-03-2010
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 Banks	144119.75	95072.27
From Financial Institutions	9609.38	9648.39
Earth Moving Equipments and Vehicles Loans from Banks	13739.95	6532.62
Earth Moving Equipments and Vehicles Loans from Financial Institutions	1874.64	3370.18
Working Capital Loans		
Short Term Demand Loan	2025.80	6750.00
Cash Credit Facility	7948.63	4715.23
Total	182318.15	129088.69
Note: Details of Security Charged on above loans are given in Notes on Accounts No. 04		
SCHEDULE-5		
UNSECURED LOANS		
Sub-Ordinate debts	4445.94	0.00
From Others	345.57	1417.60
Deffered Payment Credit	5154.94	45.32
WORKING CAPITAL LOANS		
From Banks	8018.26	14000.84
From Financial Institutions & Others	0.00	955.15
Total	17964.71	16418.91

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2011

SCHEDULE-6

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2010	ADDITION	DEDUCTION	UP TO 31.03.2011	UP TO 01.04.2010	FOR THE CURRENT YR.	DEDUCTIONS/ ADJUSTMENTS	UP TO 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
Tangible Assets										
Land-Free Hold	164.50	61.82	0.00	226.32	0.00	0.00	0.00	0.00	226.32	164.50
Land-Lease Hold	0.00	9.45	0.00	9.45	0.00	0.00	0.00	0.00	9.45	0.00
Building	1261.52	10.34	0.00	1271.86	124.29	48.61	0.00	172.90	1098.96	1137.23
Toll Booth	97.85	0.09	0.00	97.94	2.09	11.71	0.00	13.80	84.14	95.76
Furniture	268.59	7.33	0.00	275.92	53.37	27.52	0.00	80.89	195.03	215.22
Office Equipments	397.46	35.19	0.00	432.65	128.01	52.60	0.00	180.61	252.04	269.45
Machineries	31607.99	5606.21	1593.65	35620.55	11189.86	2510.08	657.69	13042.25	22578.30	20418.13
Vehicles	792.69	138.39	86.54	844.54	422.44	109.17	67.30	464.31	380.23	370.25
Computer Software	658.17	12.01	0.00	670.18	475.83	89.62	0.00	565.45	104.73	182.34
Machinery Not put to use	69.88	0.00	69.88	0.00	0.00	0.00	0.00	0.00	0.00	69.88
Electrical fitting & Installation	27.84	52.45	0.00	80.29	1.41	0.89	0.00	2.30	77.99	26.43
Goodwill	0.00	3051.71	0.00	3051.71	0.00	0.00	0.00	0.00	3051.71	0.00
Intangible Assets										
Right for Toll Collection Two Lane	48835.32	29288.89	0.00	78124.21	4547.56	3800.13	0.00	8347.69	69776.52	44287.76
Right for Toll Collection Four Lane	23950.75	0.00	0.00	23950.75	2264.26	1294.73	0.00	3558.99	20391.76	21686.49
Total - A	108132.55	38273.88	1750.07	144656.37	19209.11	7945.06	724.99	26429.19	118227.18	88923.44
Capital Work In Progress										
Construction Work In Progress	25480.27	70078.58	19397.54	76161.32	0.00	0.00	0.00	0.00	76161.32	25480.27
Automatic Tolling System	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advertisement Hordings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electric Installation for Hordings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payment to Govt. of Maharashtra	7000.00	0.00	0.00	7000.00	0.00	0.00	0.00	0.00	7000.00	7000.00
Incidental Expenses pending to Capitilazation	8602.00	5185.82	10235.46	3552.36	0.00	0.00	(3552.36)	3552.36	0.00	8602.00
Advances To construction Contractor	0.00	18240.57	2669.80	15570.77	0.00	0.00	14554.86	(14554.86)	30125.63	0.00
Railway Authority - ROB	0.00	117.12	117.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utility Shifting	0.00	8.13	8.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary Structure	0.00	63.43	63.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building under construction	0.00	118.21	0.00	118.21	0.00	0.00	0.00	0.00	118.21	0.00
Payment to Railway Authority	0.00	185.07	0.00	185.07	0.00	0.00	0.00	0.00	185.07	0.00
Total - B	41082.27	93996.93	32491.48	102587.72	0.00	0.00	11002.50	(11002.50)	113590.23	41082.27
TOTAL A + B	149214.82	132270.81	34241.55	247244.09	19209.11	7945.06	11727.49	15426.69	231817.41	130005.72
PREVIOUS YEAR	115468.99	62131.74	28385.91	149214.82	14289.93	5644.91	725.73	19209.10	130005.72	

Note :

1. Out of total depreciation for the year Rs. 59.34 lacs in respect of MBCPL and BHPIL is included in "Expenditure During Construction Period (Pending allocation)"
2. 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, 2011

(Rs. in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE-7		
INVESTMENTS		
Trade Investment: Long Term & Unquoted		
[A] Investment in Subsidiary Companies		
[a] Rohtak-Panipat Tollway Pvt. Ltd. Nil (Nil) Equity Shares of Rs. 10/- each	0.00	1.00
[b] Bijapur-Hungud Tollway Pvt. Ltd. Nil (Nil) Equity Shares of Rs. 10/- each	0.00	1.54
[c] Hyderabad-Yadgiri Tollway Pvt. Ltd. Nil (Nil) Equity Shares of Rs. 10/- each	0.00	1.00
[d] 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	0.80	4.34
[B] Investment in Assocaities 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. 6709500 (134990) Equity Shares of Rs. 10/- each	670.95	13.50
[c] Share Application Money Pending Allotment (Dhule Palasner Tollway Ltd.)	0.00	657.45
Total B	1710.95	1710.95
[C] 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 property - Land	19.67	0.00
[e] 20 (NIL) Bonds of Yes Bank of Rs. 10,00,000/- each	200.00	0.00
[f] Investment in Units Mutual Fund	607.48	6328.45
Total C	829.81	6331.11
Agreegate Value of Quoted Invetments Rs. NIL (Rs. Nil Lacs)		
Agreegate Value of Un-Quoted Invetments Rs. 2541.56 Lacs (Rs. 8046.40 Lacs)		
Total (A)+(B)+(C)	2541.56	8046.40
SCHEDULE-8		
INVENTORIES		
Construction Materials, Stores, Spares and Others (Valued at Cost or Net Realizable Value, whichever is less) (as certified by the Management)	5991.22	4469.49
Work in Progress (at Contract rates as certified by the Management)	1365.59	1365.59
Total	7356.81	5835.08
SCHEDULE-9		
SUNDRY DEBTORS (Unsecured considered good)		
Debts outstanding for more than six months	6092.26	2563.54
Other Debts	52620.39	41517.66
Total	58712.65	44081.20

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2011

(Rs. in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE-10		
CASH & BANK BALANCES		
(A) Cash on Hand	63.03	41.69
(B) Balances with Scheduled Banks:		
(a) In current Accounts	4055.52	4347.77
(b) In Fixed Deposit Accounts		
Margin Money	0.00	99.53
Others	9531.47	579.13
Total	13650.02	5068.12
SCHEDULE-11		
OTHER CURRENT ASSETS (UNSECURED)		
Interest accrued on Fixed Deposits with Banks	165.33	21.36
Excise Claim Receivable	257.97	269.13
Auda Grant Receivable	4647.36	642.40
Income Tax Refund Receivable	340.91	0.00
Interest Receivable from Others	620.46	0.00
Other Current Assets	0.00	3708.24
Total	6032.03	4641.13
SCHEDULE-12		
LOANS AND ADVANCES (Unsecured, Considered good)		
Loan to Subsidiary & Associate Companies	0.00	4040.88
Loan to Others	12892.18	6983.17
Advances to Suppliers for Goods / Services	25455.63	15402.07
Advances to Suppliers of Capital Goods	(30078.93)	0.00
Advances recoverable in cash or kind or value to be received	4355.51	3178.38
Retention Money Deducted by Clients	9784.40	6052.33
Share Application Money	1050.30	0.00
Security and other Deposits	2206.71	806.25
Advance Income Tax	11592.92	420.44
Advance Fringe Benefit Tax	24.35	67.57
Total	37283.06	36951.09
SCHEDULE-13		
CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES:		
Sundry Creditors		
Dues to Small Scale Industrial Undertaking	0.00	0.00
Unpaid Dividend	2.32	2.27
Unpaid IPO & Right Issue Money	1.77	0.00
others	19200.42	26447.72
Sundry Creditors - Capital Goods	387.48	0.00
Advances received from Clients	18132.60	12756.59
Books Overdrafts	449.89	116.46
Trade Deposits	5371.91	5230.01
Interest Accrued But not due	1115.24	61.72
Other Liabilities	2795.77	1174.48
Total (A)	47457.41	45789.25

Schedules Forming Part of the Consolidated Balance Sheet

as at March 31, 2011

(Rs. in Lacs)

	As at 31-03-2011	As at 31-03-2010
(B) PROVISIONS		
Proposed Dividend	899.25	500.00
Tax on Proposed Dividend	149.35	83.04
Provision of Income Tax	11531.55	42.70
Provision of Fringe Benefit Tax	24.83	2.58
Wealth Tax Provision	0.97	0.94
Provision for Gratuity	79.15	39.73
Total (B)	12685.10	668.99
Note :- There was no amount outstanding as on 31.03.2011, 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	35.52	129.21
Add: Preliminary Expenses during the year	0.00	0.00
	35.52	129.21
Less: Written off during the year	35.52	93.69
Total	0.00	35.52

Schedules Forming Part of the Consolidated Profit and Loss Account

for the Year Ended March 31, 2011

(Rs. in Lacs)

	2010-2011	2009-2010
SCHEDULE-15		
INCOME FROM OPERATIONS		
Contract Receipts	221028.20	126417.60
Toll Collection	8711.22	6428.33
Income From Publicity Right	159.86	53.00
Annuity Income	2826.18	0.00
Advisory and Project Management Fees	216.00	500.00
Interest Received	677.55	39.08
Total	233619.01	133438.01
SCHEDULE-16		
INCREASE/(DECREASE) IN WORK IN PROGRESS		
Opening Work in Progress	1365.59	929.59
Less: Closing Work in Progress	1365.59	1365.59
Total	0.00	436.00
SCHEDULE-17		
OTHER INCOME		
Profit on sales of Assets	378.83	326.48
Mutual Fund Investment Gain - Loss	35.25	0.00
Dividend Income	1.38	0.00
Foreign Exchange Gain	231.90	0.00
Miscellaneous Income	1340.63	1658.90
Total	1987.99	1985.38
SCHEDULE-18		
MATERIAL CONSUMED		
Opening Stock	4231.66	1673.91
Add: Purchases	17326.79	23743.33
	21558.45	25417.24
Less: Closing Stock of material	5532.31	4231.66
Total	16026.14	21185.58
SCHEDULE-19		
CONSTRUCTION, TOLL PLAZA AND ROAD MAINTENANCE EXPENSES		
Labour Expenses	154702.44	72412.92
Diesel & Oil Expenses	13418.46	9975.24
Stores Consumed	256.16	180.77
Repairs & Maintenance-Construction Machineries	1183.56	572.06
Repairs & Maintenance-Building & Others Assets	55.63	26.61
Transportation Expenses	229.74	166.15
Machinery Rent	212.99	389.43
Electricity Expenses	232.45	102.91
Land Rent	119.98	115.09
Site Establishment Expenses	520.46	207.83
Rent Rates & Taxes	24.65	0.00
Design Expenses	0.00	274.00
Consultancy Expenses	0.00	115.00
Mess Expenses	255.77	186.17
Operation & Maintenance Expenses	149.35	0.00
Toll Collection Expenses	60.78	327.46
Total	171422.42	85051.64

Schedules Forming Part of the Consolidated Profit and Loss Account

for the Year Ended March 31, 2011

(Rs. in Lacs)

	2010-2011	2009-2010
SCHEDULE-20		
ADMINISTRATIVE & OTHER EXPENSES		
Expenses on Employees:		
Salary, Wages and Bonus	3014.73	1985.34
Contribution to Provident & Other Funds	150.50	79.29
Workmen and Staff Welfare Expenses	352.94	93.54
Rent	123.52	102.48
Rates & Taxes	4321.20	1864.21
Vehicle Rent	114.07	80.24
Running & Maintenance of Vehicles	89.20	63.32
Insurance	429.98	240.64
Postage & Telephone	62.36	65.68
Stationary & Printing	74.53	52.14
Traveling & Conveyance Expenses, incl. Foreign Traveling Expenses Rs. 0.82 Lacs (Rs. 16.89 Lacs)	140.94	120.85
Directors' Traveling & Conveyance Expenses, incl. Foreign Traveling Expenses Rs. NIL (Rs. 0.72 Lacs)	11.59	19.62
Legal and Consultation Fees & Expenses	1832.07	1138.51
Stamp Duty & Filing Fees	99.64	3.06
Bank Guarantee Commission	1056.27	399.85
Other Bank Charges	332.82	2401.59
Power Fuel Expenses	16.65	0.00
Managing Director's Remuneration	217.50	131.00
Wholetime Director's Remuneration	120.00	99.00
Donation Expenses	123.48	149.67
Audit Fees & Other Expenses	24.88	16.29
Loss on Sales of Assets & Written Off	212.01	144.64
Miscellaneous Expenses	484.61	338.03
Total	13405.49	9588.99
SCHEDULE-21		
INTEREST AND FINANCIAL CHARGES		
(a) Interest Paid to Banks		
Interest Paid on Term Loan	10568.14	8417.48
Interest Paid on Other Bank Facilities	1468.75	1672.93
(b) Interest Paid on other Short Term Loans	285.70	0.00
(c) Gain on forward contract	(62.55)	0.00
(d) Foreign currency fluctuation	1526.01	0.00
(e) Interest paid to Financial Institution & Others	564.74	1229.19
Total	14350.79	11319.60
SCHEDULE-22		
PRIOR PERIOD ADJUSTMENTS		
Debit Items:		
Material Consumed	0.00	(30.50)
Construction Expenses	61.82	45.03
Administrative Expenses	(40.00)	(141.60)
Interest Paid	0.00	(26.80)
Total A	21.82	(153.87)
Credit Items:		
Interest on F.D.R.	0.00	(1.17)
Other Income	0.00	(11.60)
Total B	0.00	(12.77)
Net Debit/(Credit) A-B	21.82	(141.10)

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" notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956.
- 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) Revenue Recognition:

i. 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.

ii. Income from contractual arrangement service:

Revenue in respect of arrangements made for rendering services over specific contractual term is recognized on a straight line basis over the contractual term of the arrangement. In respect of arrangements, which provide for an upfront payment followed by additional payments as certain conditions are met (milestone payments), the amount of revenue recognized is based on the services delivered in the period as stated in the contract. In respect of arrangements where fees for services rendered are success based, revenue is recognized only when the factors on which the fee is based, actually occurs.

The one of the Company's subsidiary called Sadbhav Infrastructure Projects Limited offering services include advisory and management services, supervisory services, and operation and maintenance services. Revenue is recognized when it is realized or realizable and earned. Revenue is considered as realized or realizable and earned when it has persuasive evidence of an arrangement, delivery has occurred, the sale price is fixed or determinable and collectability is reasonably assured.

iii. Income from fixed priced contracts:

Revenue from development projects under fixed price contracts, where there is no uncertainty as to measurement or collectability of consideration is recognized based on milestones reached under the contracts. Pending completion of milestone, revenue recognition is restricted to the relevant cost which is carried forward as part of Unbilled Revenue.

iv. Project Related Activities:

Contract revenue and costs associated with project related activities is recognized as by reference to the stage of completion of the projects at the Balance Sheet date. The stage of completion of a project is determined by the

proportion that the contract cost incurred for work performed up to the Balance Sheet date bears to the estimated total contract costs.

v. Dividend:

Income is recognized when the shareholders' right to receive payment is established by the balance sheet date.

vi. Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

b) Grant:

In case of ARRIL and BHTPL, Government grant received or receivable is in the nature of promoters' contribution and is treated as capital receipt and accounted as capital reserve.

c) Leases :

Where the company is the lessee.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leases item, are classified as operating leases. Operating lease payments are recognized as an expenses in the Profit and Loss account on a Straight-line basis over the lease term.

d) Segment Reporting Policies :

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different services and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Unallocated items:

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

e) Fixed Assets and Depreciation:

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.

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 subsidiaries MBCPNL, BHTPL and HYTPL depreciation is provided on the basis of Written Down Value Method at the rates specified in schedule XIV of The Companies Act, 1956. 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 Aurangabad-Jalna Toll Way 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 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. Tangible Project Assets, as defined under the Concession Agreement, are amortized over the concession period.

In case of RPTWL and SIPL, Depreciation on fixed assets 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 NSEWL projects assets are amortized over the concession period. (23.5 years from February 1, 2007)

f) Intangible Assets:

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

The Infrastructure Project Assets i.e. toll collection right received from respective Government Authorities are amortized over the Concession period of each BOT / DBFOT period.

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).

- g) 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.

h) Derivative Transactions:

In case of ARRIL and AJTL premium paid, gains/losses on settlement and provision for losses for cash flow hedges are recognized in the Profit and Loss Account.

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.

i) Preliminary Expenses

In case of BHTPL, HYTPL and RPTPL preliminary expenses are charged to profit & loss account in the first year when the company draws up profit and loss account.

B. NOTES ON ACCOUNTS :

- 1) As on date of financial statement, company has following subsidiary and subsidiaries of subsidiary company.

a) Subsidiary Companies:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest as on 31-03-2011
Sadbhav Infrastructure Projects Limited (SIPL)	India	82.95%
Nagpur Seoni Express Way Ltd (NSEWL)	India	51%
Sadbhav Mining Limitada, Mozambique	Mozambique	100%

b) Subsidiaries of Subsidiary Company:

Sadbhav Infrastructure Projects Limited has following subsidiaries as on 31st March, 2011.

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest as on 31-03-2011
Ahmedabad Ring Road Infrastructure Limited (ARRIL)	India	80%
Aurangabad-Jalna Toll Way Limited (AJTL)	India	51%
Maharashtra Border Check Post Network Ltd. (MBCPL)	India	27%
Rohtak-Panipat Tollway Pvt. Ltd. (RPTPL)	India	100%
Bijapur-Hungund Tollway pvt. Ltd (BHTPL)	India	77%
Hydrabad-Yadgiri Toll Way Pvt. Ltd (HYTPL)	India	100%

The financial statements of 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.

- c) As the audited/ provisional financial statements of Mumbai Nasik Expressway Ltd is not available at time of finalisation of accounts of the Company, Loss if any, has not been considered while preparing the consolidated financial Statements.

- 2) All amounts in the financial statements are presented in Rupees Lacs except per share data and as otherwise stated.

- 3) a) During the year SIPL has made preferential allotment of 2,00,00,000 Equity Shares having a face value of Rs. 10 per share at a price of Rs. 129.84 (including share premium of Rs. 119.84 per share) to SEL (holding Company) and preferential allotment of 5,01,250 Equity Shares having a face value of Rs. 10 per share at par allotted to directors, employees, employees of SEL and third parties.

(b) Apart from above, the SIPL also issued 36,21,004 Equity Shares having face value of Rs. 10 per share at a price of Rs. 828.50 (including share premium of Rs. 818.50 per share) equally to Norwest Venture Partners and Xander Investments Holding XVII Limited (jointly referred as Investors).

(c) SIPL has issued 22,50,774 0.01% Compulsory Convertible Cumulative Preference Shares (CCCPS) of Rs. 10 each at a premium of Rs. 434.29 each equally to Norwest Venture Partners and Xander Investments Holding XVII Limited (jointly referred as Investors). CCCPS are compulsorily convertible at the earliest of the tenth anniversary from September 23, 2010 or immediately closing of an Initial Public offering of the Equity Shares. Each CCCPS will be converted fully paid Equity Shares by dividing the initial purchase price i.e. Rs. 10 by the conversion price in effect at the time of conversion or at the end of tenth year from September 23, 2010 i.e. the date of allotment.

4) Secured Loans:

Sadbhav Engineering Ltd.

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

Securities charged for loans from banks and financial institutions for subsidiaries are as under:-

I. The facility of loan, interest thereon and all amounts in respect thereof secured as under:-

The facility of loans together with interest, additional interest, default interest, prepayment premium, costs, charges, expenses and other monies whatsoever stipulated and due from ARRIL, AJTL, BHTPL, HYTPL, MBCP to the Lenders are secured by :

- A. First ranking pari passu mortgage/ charge over all the Companies' immovable assets and on all movable assets (including but not limited to all current/ non-current assets goodwill, uncalled capital but excluding Project Assets) both present and future
- i. a first ranking pari passu charge over all Fees, revenues and receivables (including the book debts, commissions, operating cash flows) of the Company from the Project or otherwise;
 - ii. a first ranking pari passu 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 interests and the Company's right, title, interest, benefit and claim in, to or under the Project Documents and Clearances;
 - iii. 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;
 - iv. a first ranking pari passu charge over all bank accounts of the Company including without limitation, the Escrow Account (or any account in substitution thereof) and the Debt Service Reserve 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 Account and the Debt Service Reserve Account and any other bank accounts of the Company established pursuant to the Project Documents or otherwise;
 - v. 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.
 - vi. In case of Ahmedabad Ring Road Infrastructure Limited the Second ranking Rupee Loan is secured by way of Second ranking charge on the Security Interest stipulated in (i) to (v) above to be created in favour of the Security Trustee for the benefits of the Second Ranking Lenders.
- B. Over and above following, shares has been pledge with the lenders
- i. In case of Ahmedabad Ring Road Infrastructure Limited a pledge of 30% of the equity share capital held by Sadbhav Engineering Limited and Patel Infrastructure Private Limited ("Sponsors") in the share capital of the Company;
 - ii. In case of Aurangabad-Jalna Toll way Limited Pledge of 51.18% 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.
 - iii. In case of Bijapur Hundgund Tollway Private Limited pledge of equity shares held by SEL, SIPL and MCL aggregating to 51% (fifty one percent) of the paid up and voting equity share capital of the Company for a period up to COD.
 - iv. In case of Hyderabad-Yadgiri Tollway Private Limited pledge of equity shares held by the Sponsors and/or their Associates aggregating to 51% of the paid up and voting equity share capital of the Borrower up to the Final Settlement Date.

- v. In case of Maharashtra Boarder Check Post Network Ltd., pledge 30% of equity shares held by the sponsors in the company.

5) Capitalization of fixed assets:

In the case of Rohtak-Panipat Tollway Pvt. Ltd., Bijapur-Hungund Tollway Pvt. Ltd. and Hyderabad-Yadgiri Toll Way Pvt. Ltd, company has not commenced commercial operations. The expenditures incurred during the development period are classified as "Incidental Expenditure Pending Capitalization". The same shall be capitalized as Intangible Assets on the completion of the Project.

6) Differed Tax Assets & Liabilities:

As per accounting standard-22 on "Accounting for taxes on Income". Deferred Tax Liability / (Assets) arising are as follows:-
(Rs. in Lacs)

Particulars	2010-11	2009-10
Opening Balance of Deferred Tax Liability	1410.64	1100.45
Add: Deferred Tax Liability accrued during the year		
Due to Timing difference of Depreciation	209.97	312.14
Add: Provision of Tax on Short Provision of Gratuity		Nil
Add: Pre Operative Exp.	(2.72)	2.72
Less: Effect of Preliminary Expenses	0.06	(0.06)
Less: Provision for Gratuity	(10.96)	(4.61)
Less: Effect of Carried forward losses		
Less: Deferred Tax Assets generated on QIP, Share Expense	Nil	
Closing Balance	1606.99	1410.64

7) Earning Per Share (EPS)

	2010-11	2009-10
Net Profit for the period	9278.41	3627.79
Weighted number of shares during the period-Basic	140608299	127955167
Weighted number of shares during the period-Diluted	142076382	128992912
Earning Per Share-Basic (Rs.)	6.60	2.84
Earning Per Share-Diluted (Rs.)	6.53	2.81

8) 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. 2,58,810.02 Lacs (Rs. 1,26,254.14 Lacs)

Bank guarantee for the performance of the projects amounting to Rs. 9,715.00 Lacs (Rs. Nil).

9) Pledge of Shares:

The Subsidiary i.e SIPL, has pledged following equity shares from their holding in various SPV, in favour of lenders for a term loan facilities availed by the respective SPVs.

Name of the SPV	Name of the lender	Shares pledged	% of overall shareholding in SPV
BHTPL	Bank of India	4,80,930	17.07%
ARRIL	ICICI Bank	25,10,400	30%
AJTL	IDBI Bank	5,14,496	51.18%
MBCPL	ICICI Bank	3	.02%
RPTPL	Punjab National Bank	3,000	.58%

10) Employee Benefits:

a) Defined Benefit Plan:

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 as prescribed by the Accounting Standard, AS 15(Revised).

Gratuity has been recognized in the financial statements as per details given below.

I. Net Assets /Liability recognized in the Balance Sheet are as follows: (Rs. in Lacs)

	2010-11	2009-10
(a) Present Value Funded Obligations	176.66	98.38
(b) Fair Value of Plan Assets	96.77	58.65
(c) Liability Recognized in the Balance Sheet	79.89	39.73

II. Expenses recognized in the statement of Profit & Loss Account (Rs. in Lacs)

	2010-11	2009-10
(a) Current Service Cost	45.33	21.27
(b) Interest on obligation	8.24	5.84
(c) Expected Return on plan assets	(6.63)	(4.76)
(d) Net Actuarial Losses / (Gains) recognized in the year	25.03	3.57
(e) Past Service Cost	NIL	NIL
(f) Losses/Gain on curtailment & Settlement	NIL	NIL
NET GRATUITY COST	71.97	25.92

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

	2010-11	2009-10
(a) Opening Defined Benefit Obligation	99.98	70.73
(b) Service Cost for the year	45.33	21.27
(c) Interest Cost for the year	8.24	5.84
(d) Actuarial Losses	26.38	2.92
(e) Benefits Paid	(3.27)	(2.38)
(f) Closing Defined Benefit obligation	176.66	98.38

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

	2010-11	2009-10
(a) Opening fair value of plan assets	58.74	45.79
(b) Expected Return	6.55	4.52
(c) Actuarial Gains	1.45	(0.41)
(d) Contribution by the employer	32.59	11.11
(e) Benefits paid	(2.56)	(2.27)
(f) Closing fair value of the plan assets	96.77	58.74

V. Major Category of plan assets as a percentage of total plan assets as on 31-03-2011 are as under:

	2010-11	2009-10
(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:

	2010-11	2009-10
(a) Discount Rate		
For SEL	8.50%	8.25%
For Subsidiaries	8.25%	8.25%
(b) Expected return on plan assets	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.

- 11) a) The Group has identified Business Segment as the primary segment. Segment have been identified taking into account the nature of the products, the differing risks and returns, the organization structure and internal reporting system.
- b) Companys' operations predominantly relate to Engineering & Construction. Other business segments reported are BOT (Toll & Annuity) sector.
- c) The Companys' activities are restricted within India and hence no separate geographical segment disclosure is considered necessary.
- d) Segment revenue, Segment Results, Segment Assets and Segment Liabilities include respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The Amount which is not allocable of the specific segments are allocable as unallocated segment.
- e) Income, expenses, Assets and Liabilities that cannot be allocated between the segments are shown as part of unallocated Corporate Income, Expenses, Assets & Liabilites.

Details of business segment information is prescribed below :-

Particulars	Construction & Engineering		BOT (Toll & Annuity)		Unallocated		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
SEGMENT REVENUE								
External Revenue	15004.95	111780.79	11537.40	6428.33	487.31	1753.06	162074.21	119962.18
Intersegment Revenue	70867.25	13872.75	-	-	-	-	70867.25	13872.75
Total Revenue	220916.75	125653.54	11537.40	6428.33	487.31	1753.06	232941.46	133834.93
SEGMENT EXPENSES	190402.21	106138.80	1836.04	738.49	586.50	548.22	192824.75	107425.51
SEGMENT RESULTS								
Operating Profit	30514.54	19514.74	9701.36	5689.84	-99.19	1204.84	40116.71	26409.42
Less : Interest Expenses	2829.07	2447.78	7884.10	5573.47	2065.71	1733.48	12778.88	9754.73
Interest Income	0.44	-	-	-	677.54	-	677.98	-
Other Income	110.68	-	217.75	84.55	127.70	254.45	456.13	339.00
Unallocated Corporate Expenses	-	-	-	-	-	-	7912.17	5844.85
Unallocated Corporate Income	-	-	-	-	-	-	1534.52	1685.45
Segment Profit before Depreciation & Tax	27796.59	17066.96	2035.01	200.92	(1359.66)	(274.19)	22094.29	12834.29
OTHER INFORMATION								
Segment Assets	150449.94	106638.03	97929.36	71923.35	23314.46	5944.39	271693.76	184505.77
Segment Liabilities	73648.72	48116.16	85606.05	90338.13	77177.92	21027.28	236432.69	159481.57
Unallocated Corporate Assets	-	-	-	-	-	-	960.54	994.38
Unallocated Corporate Liabilities	-	-	-	-	-	-	39607.28	42387.13
Capital Work in Progress	-	-	258.05	26844.18	125368.48	14238.11	125626.53	41082.29
Depreciation and Amortisation	2614.38	2344.73	5200.19	3294.39	166.01	74.17	7980.58	5713.29
Non Cash/(Income) Expenses other than depreciation and amortisation	21.82	(141.10)	-	-	-	-	21.82	(141.10)

- 12) As per Accounting Standard 18, "Related Party Disclosure", 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 and SEL-GKC JV

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 Montecarlo 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	19611.66 (6857.12)	---	---	5433.32 (6303.01)
Interest Received	---	---	2.68	---
	(--)	(--)	(--)	(--)
Balance Receivable at the year end	7857.05 (1971.07)	---	---	1551.48 (1266.53)
	(--)	(--)	(--)	(--)
Sub contracting Expenditure	---	---	2841.39	---
	(3532.75)	(--)	(1952.80)	(--)
Remuneration Paid	---	354.35	---	---
	(--)	(235.77)	(--)	(--)
Interest paid	17.08	---	---	---
	(35.40)	(--)	(--)	(--)
Rent & Service charges paid	---	---	6.75	---
	(--)	(--)	(6.99)	(--)
Fixed Assets Purchased/(Sold)	---	---	(36.74)	---
	(--)	(--)	(84.40)	(--)
Other Expenses	0.39	---	4.50	---
	(52.00)	(--)	(--)	(--)
Balance Payable at the year end	---	---	222.67	---
	(50.07)	(11.56)	(35.52)	(--)
Mobilization Advance given	---	---	---	---
	(--)	(--)	(--)	(--)
Mobilization Outstanding at the year end	---	---	---	---
	(--)	(--)	(--)	(--)
Loan Received during the year	---	---	3480.80	---
	(925.67)	(--)	(--)	(--)

Loan Payable outstanding at the year end	---	---	4835.29	---
	(1354.49)	(--)	(--)	(--)
Loan given during the year	---	---	---	---
	(3976)	(--)	(--)	(--)
Loan Receivable Outstanding at the year end	---	---	---	---
	(3976)	(--)	(--)	(--)
Deposit Received during the year	3358.02	---	133.64	1357.24
	(2991.51)	(--)	(840.02)	(4.87)
Deposit repaid during the year	3300.23	---	226.92	719.75
	(690.64)	(--)	(800.00)	(562.56)
Closing Bal. Of deposits received	2305.56	---	-50.45	802.32
	(2300.87)	(--)	(42.83)	(618.45)
Donation Paid	0.20	---	---	---
	(52.00)	(--)	(--)	(--)
Dividend Paid during the year	26.99	135.18	75	---
	(26.99)	(135.18)	(75.00)	(--)

13) 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.

14) Derivative Instruments :

Transaction in derivative instruments on standalone basis given under the clause 9 of Schedule 23 of Standalone Balance Sheet of the company.

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 31-03-2011	As on 31-03-2010
No. of Contracts	1	1
Currency Swap – Disbursement		
- Equivalent INR	Nil	Nil
- Equivalent USD	Nil	Nil
Currency Swap – Repayment		
- Equivalent INR	Nil	18810.05
- Equivalent USD	Nil	418.24
Interest Swap		
- Equivalent INR	7819.02	21952.30
- Equivalent USD	175.12	488.10
Forward Contract to Sell USD		
Equivalent INR	Nil	7591.15
Equivalent USD	Nil	160.03

15) Details of Subsidiary Companies

(Pursuant to General Circular No: 2/2011 No. 51/12/2007-CL- III dated 08th February, 2011 of Ministry of Corporate Affairs, Government of India)

Name of the Subsidiary Company	Nagpur-Seoni Expressway Ltd.	Sadbhav Mining Limitada	Sadbhav Infrastructure Project Ltd.	Ahmedabad Ring Road Infrastructure Ltd.*	Aurangabad-Jalna Toll Way Ltd.*	Rohtak-Panipat Tollway Pvt. Ltd.*	Hyderabad-Yadgiri Tollway Pvt. Ltd.*	Bijapur-Hungund Tollway Pvt. Ltd.*	Maharastra Border Check Post Network Ltd.*	Total
Capital	4800.00	0.80	2642.31	1046.00	197.11	51.01	211.50	365.80	5.00	9319.53
Share Application Money	979.60	0.00	0	0.00	0.00	712.60	0.00	0.00	0.00	1692.20
Reserves	0.00	0.00	64232.36	7764.00	5282.90	469.98	388.50	6379.16	0.00	84516.90
Total Assets	29609.52	0.00	66874.66	48665.27	26760.09	8188.67	14535.82	58506.60	44500.33	297640.96
Total Liabilities	29609.52	0.00	66874.66	48665.27	26760.09	8188.67	14535.82	58506.60	44500.33	297640.96
Investments (except in case of investment in the subsidiaries)	0.00	0.00	482.26	150.17	0.00	10.28	0.00	9.39	0.00	652.10
Turnover	2826.18	0.00	3369.57	6715.79	2375.69	28.95	0.00	0.00	0.00	15316.18
Profit Before Taxation	(1064.82)	0.00	2310.91	(1211.92)	(1288.16)	26.78	(3.70)	(3.69)	(0.07)	(1234.67)
Provision for Taxation	0.00	0.00	767.34	0.00	0.00	6.80	0.00	0.00	0.00	774.14
Profit After Taxation	(1064.82)	0.00	1543.57	(1211.92)	(1288.16)	19.98	(3.70)	(3.69)	(0.07)	(2008.81)
Proposed Dividend	0	0	0	0	0	0	0	0	0	0.00

* Subsidiary of Sadbhav Infrastructure Projects Limited which is a subsidiary of the company.

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 : 20-04-2011

Shashin V. Patel
Jt. Managing Director

Vijay Kalyani
Company Secretary

Consolidated Cash Flow Statement for the Year 2010-2011

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit after Tax as per Profit and loss account	7706.65	2675.81
Adjustments For :		
Interest Expenses	12502.80	9091.86
Depreciation	7885.72	5644.91
Dividend Income	(1.38)	(18.29)
Preliminary Expenses written off	35.52	94.01
Profit on sale of Assets	(378.83)	(326.48)
Loss on sale of Assets	212.01	144.64
Stock option Premium outstanding	210.49	0.00
Income Tax Provision	6187.95	4275.16
Mutual Fund Investment Gain - Loss	(35.25)	0.00
Wealth Tax Provision	0.94	0.92
Deferred Tax Liabilities / (Assets)	196.35	310.19
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	34522.97	21892.73
Adjustment For :		
Trade & other Receivable	(15878.38)	(19624.83)
Inventories	(1521.73)	(2644.05)
Work in Progress	0.00	(436.00)
Loans & Advances	12665.42	(10078.59)
Trade Payable	654.06	21884.06
Cash generated from Operations	30442.33	10993.32
Tax Paid	(5807.02)	(4255.86)
Net Cash From Operating Activities	24635.32	6737.46
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase of Fixed Assets	(38204.00)	(35410.03)
Sales of Fixed Assets	1122.02	709.90
Payment made for Capital work in progress	(72507.96)	410.41
Expenditure during construction period pending allocation)	(11976.96)	0.00
Loan to Subsidiaries / Associates Companies	4040.88	(4040.36)
Loan to Others	(5909.01)	(336.67)
Investments in (SPV)	3.54	(3471.96)
Investments against QIP Proceeds	0.00	1499.00
Investments in Fixed Deposits against Margin	99.53	(71.68)
Investments Purchased	0.00	(16134.29)
Mutual Fund Investment Gain - Loss	35.25	0.00
Sales / Transferred of Investments	5501.30	9805.84
Interest Received	1704.02	949.48
Dividend Received	1.38	18.29
Net Cash From Investing Activities	(116090.01)	(46072.07)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds From Borrowings	141559.81	135514.99
Repayment of Borrowings	(86784.54)	(83835.42)
Proceeds From Minority Interest	15919.75	0.51
Proceeds From Share Capital	12302.84	0.00
Addition in Capital Reserve	31018.57	0.00
Interest Paid	(13297.27)	(10005.59)
Dividend Paid	(500.00)	(500.00)
Dividend Tax Paid	(83.04)	(84.98)
Net Cash From Financing Activities	100136.12	41089.51
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	8681.42	1754.90
OPENING BALANCE OF CASH & CASH EQUIVALENTS	4968.60	3213.70
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	13650.02	4968.60
COMPONENTS OF CASH & CASH EQUIVALENTS		
CASH ON HAND	63.03	41.69
BALANCE IN CURRENT ACCOUNT WITH BANKS	4055.52	4347.77
BALANCE IN FIXED DEPOSITS NOT KEPT AS MARGIN	9531.47	579.14

As per our Audit Report of even date attached

For and on behalf of Board

For Shashikant Patel Associates

V. M. Patel

Nitin R. Patel

Chartered Accountants

Managing Director

Executive Director

Firm Reg. No. 113672W

S. D. PATEL

Place : Ahmedabad

Shashin V. Patel

Vijay Kalyani

Proprietor

Date : 20-04-2011

Jt. Managing Director

Company Secretary

Membership No. 37671

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 22nd Annual General Meeting of the Company held on Tuesday, September 27, 2011 at Lions Hall, Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006 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 22nd ANNUAL GENERAL MEETING of the Company to be held on Tuesday,
September 27, 2011 at 11.00 A. M. and at any adjournment(s) thereof.

Signed this _____ day of _____ 2011

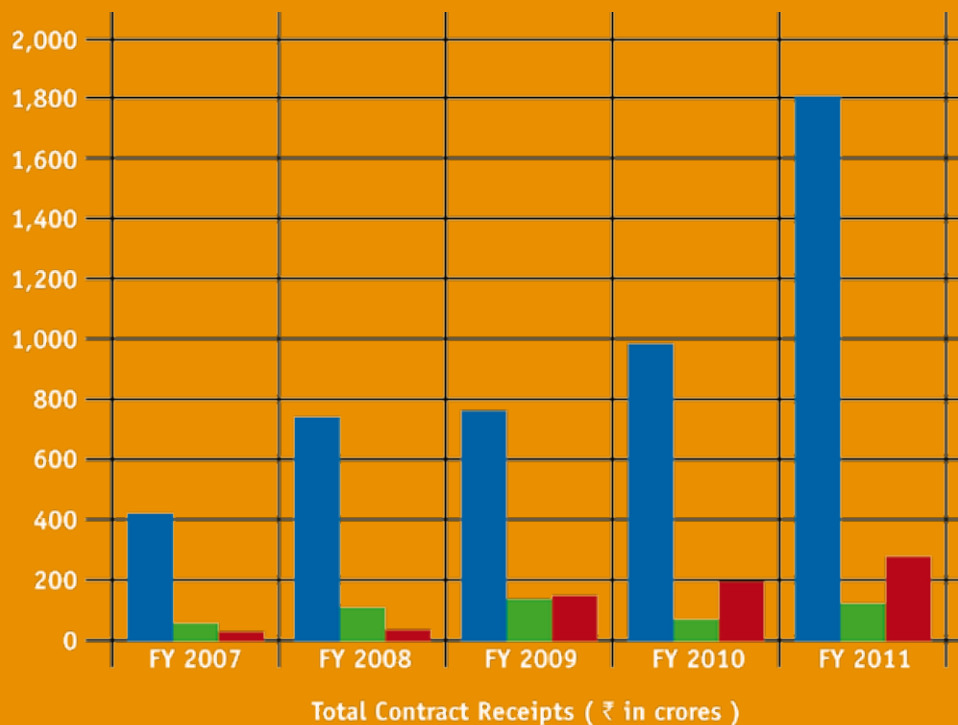
Please
affix Re 1/-
Revenue
Stamp

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

Revenue Break-up segment-wise for the last 5 years



Segment Distribution	Year wise Revenue (₹ in crores)				
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Roads & Highways	419.79	748.10	767.23	979.24	1,806.17
Irrigation	47.11	95.34	146.18	75.23	125.40
Mining	21.67	26.61	147.52	202.07	277.60
Total Contract Receipts	488.58	870.05	1,060.92	1,256.54	2,209.17

achieving greater heights...

Sadbhav was established in 1988, with a **vision** to strive for perfection in order to establish a prominent position, by exemplary performance, state of art quality work, thereby providing utmost satisfaction to all the stakeholders.

Our **mission** has always been to enhance and maintain our potential in providing our services through the support of latest technology with quality and timely civil engineering services needed to create a nation of our dreams. We Develop, Build & Service Physical Infrastructure for better living, work environment & better transportation. We endeavor to achieve our objectives in an environment of fairness and courtesy to our clients, employees, vendors, investors and society. Sadbhav also aspires to provide construction services in a professional manner to exceed the needs of our clients. We also strive to build quality industrial construction with commitments towards Delivery, Safety and Environment achieving highest level of customer satisfaction.

At all times Sadbhav's **objectives** have been to increase client satisfaction index, timely completion of projects, Executing Quality work to the client satisfaction and ensuring Prompt Services by adhering to safety & environment standards.



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.



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