

REF:SEL:BSE: 2016-17/ 03  
30.09.2016

To,  
The Dy. Gen. Manager,  
Corporate Relationship Dept.,  
**BSE Limited**  
PJ Tower, Dalal Street,  
Mumbai - 400 001  
Fax : 022-22722037-39  
Equity Scrip Code:532710

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

**Sub. : Submission of Annual Report for the Year 2015-16 under Regulation 34 of SEBI (LODR) Regulations, 2015.**

Dear Sir,

Pursuant to the Regulation 34 of SEBI (LODR) Regulations, 2015, we are enclosing herewith the copy of Annual Report for the Year 2015-16.

Kindly take the same on your record.

Thanking you

**For Sadbhav Engineering Limited**



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

Encl: As above

**27<sup>th</sup>**  
Annual Report  
**2015-2016**



*Shaping the Nation's Growth!*

**SADBHAV ENGINEERING LIMITED**



There's never been a better time to

# MAKE IN INDIA

Faster | Stronger | Smarter



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**“ Commitment is what transforms a promise into reality.”**

- Abraham Lincoln

*Sadbhav Engineering Limited (SEL) is committed to commence a new era in the Indian Infrastructure industry with its landmark infrastructure projects enhancing the quality of life for people across the country. SEL's pledge to perform better and for the betterment of the nation is reflected in all its endeavours. Strongly adhering to the 'Make in India' oath, the company is taking a proactive approach towards quality upgradation, business diversification and environment protection. Synonymous with ethical business practices, SEL has earned a repute of one of the most trusted companies in the industry. With its strong, determined and multi-disciplinary teams capable of dealing with any challenge, SEL always achieves the desired results.*



**The Objective : Being FASTER to foster growth.**

Adhering to the values of integrity, stability & quality and focusing on the strategic expansion and diversification plans, SEL is determined to accelerate its development. Increasing client satisfaction & timely completion of projects is one of the main objectives of SEL.



**The Vision : Remain STRONGER to strengthen commitments.**

SEL envisions a prominent position in the industry by its exemplary performance and state of the art quality work. It is pledged to achieve perfection in every endeavour to win complete customer satisfaction. With its harmoniously integrated in-house execution capabilities, the company is poised to take off to new heights.



**The Mission : Work SMARTER to strategize success.**

SEL is dedicated to provide world-class services through full utilization of advanced technology and groundbreaking innovations to its customers. With an unwavering commitment towards safety and environment, the company is aimed to achieve all its objectives through fairness and courtesy to the clients, employees, vendors, investors and society.

*“Sadbhav stands like a strong pillar in the arena of infrastructural sector; only to soar up with a vision of global presence.”*

*“Today Sadbhav has successfully constructed more than **7300 Lane Kms. of Roads and Highways (both National and State Highways)** while **2300 Lane Kms. are under various stages of construction.**”*

### **CAGR 2006-2016**

*(Compounding Annual Growth Return)*

**Net Revenue** ~ 27%

**Net Profit** ~ 25%

**Order Book** ~ 19%

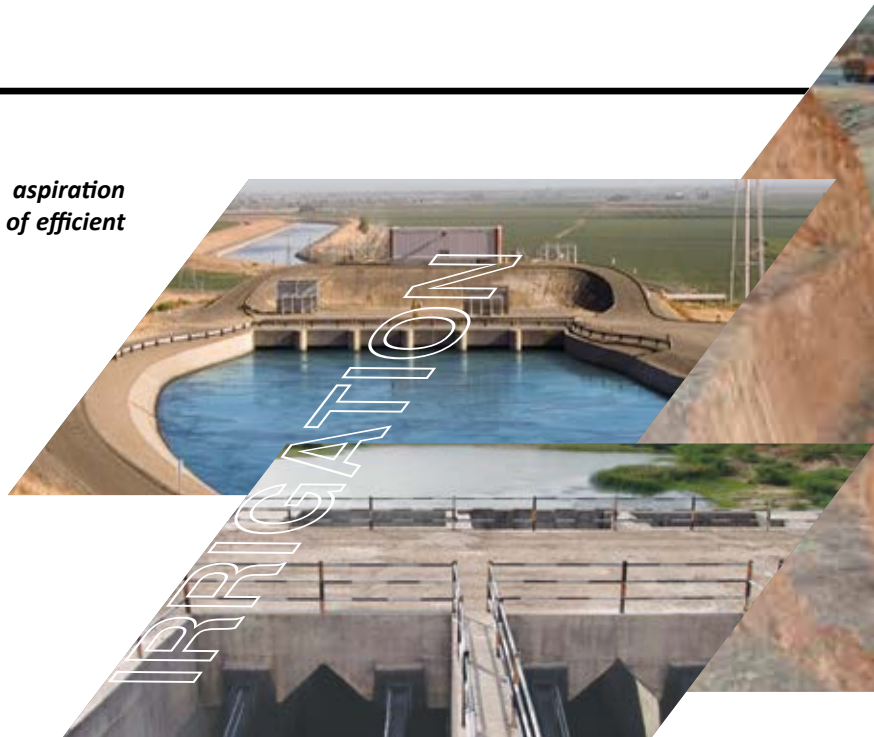
*The Sadbhav team totals to more than **3869** trained and dedicated professionals, which includes engineers and workers.*

Sadbhav is a construction company with a diversified and well-established entity. We have a large accumulation of diverse projects in the Roads and Highways segment, Bridges, Rail Metro projects, Irrigation supporting infrastructure, and the Mining sector. Sadbhav saw a net profit CAGR growth of ~ 25% between 2006-2016. The Company has done work for/ with clients of high reputation such as NHAI, Sardar Sarovar Narmada Nigam, Coal India, GIPCL, GHCL, L&T, HCC, Punj Lloyd, etc. To progress with latest technology and cutting edge-innovation we have strong in-house integrated execution capabilities. Our state-of-the-art equipment facility for Bitumen and Concrete road further shapes our strict adherence to safety standards. Our gross block was ₹ 103.8 crores in 2006. A continuously strengthened development of technology with prudence, Sadbhav guides itself through a unified and systematic approach. This resulted in our gross block to be ₹ 938.7 crores in 2016. Since its incorporation, Sadbhav has remained very focussed in its strategy with executing projects in 3 segments primarily. Sadbhav through its subsidiary, Sadbhav Infrastructure Project Limited has cemented its position in roads and highways BOT segment.

### **ROADS AND HIGHWAYS: Concreting the Nation!**

We have sustained a strong institutional presence over the years across all the three sectors. Therefore, our major ongoing EPC projects in Roads and Highways are six lane EPE in Haryana; four laning of Rohtak - Hissar section, Malavalli - Pavagada section, Ambala - Kaithal section (NH-65), and Yamunanagar-Saha Barwala-Panchkula section of Haryana. Four laning of Rampur-Kathgodam Section of NH-87 in Uttar Pradesh and Uttarakhand NHDP Phase-3 on Hybrid Annuity Mode are some of our new projects under SIPL. Also, adding resources for concrete/rigid pavement road constructions along with Bitumen construction has majorly reflected in our order book status of this sector. Exhibiting faith in the protection of environment, Sadbhav Engineering Limited emphasis on optimum plantations in and around the area used for various constructions.

*The derivative of our pan India growth with an aspiration towards a best engineering company is the result of efficient teamwork to create the building blocks of success.*



**MINING:**  
**Unearthing the success!**

Our treasure lies in the burrows of Earth. Thus, our Mining sector deals with excavation of overburden and mining of minerals such as coal, uranium, lignite, etc. Excavation work at Mangrol lignite mines, Gujarat gave way to another project of excavation at Pit B of Jalipa Lignite Mines in Barmer, Rajasthan in 2016. We now have removal of over burden at Bharat Coking Coal, Dhanabad along with overburden and extraction of Uranium Ore in Banduhurang min, Jharkhand and excavation of OB in Amlohri OCP, Madhya Pradesh in our pockets. Hence, the land gives us an opportunity to display our full potential by being true to our core value.

**IRRIGATION:**  
**Channelising a greener Growth!**

Every step taken by us, at Sadbhav Engineering Limited, is in the best interest of the nation's growth. We believe that the support from market conditions as well as concrete requirements, will aid us in executing our excellent long term plans. Hence, we have largely involved ourselves in the Irrigation sector. Construction of earthen dams, canals, syphon, remodelling and improvement of

canals has led us to bag important projects. We are in the ongoing process of developing Bhauti high level canal along with Omkareshwar right bank lift canal in Madhya Pradesh. We have two projects in Andhra Pradesh, namely, HNSS main canal in Anantapur district and Gouravelly right side canal. With an aim to increase our scope to work in all over our state of Gujarat, we are constructing the Radhanpur sub branch canal and Kutch branch canal in Adipur.



# Corporate Information

## BOARD OF DIRECTORS

1. **Shri Vishnubhai M. Patel**  
Chairman & Managing Director
2. **Shri Shashin V. Patel**  
Joint Managing Director
3. **Shri Vasistha C. Patel**  
Executive Director
4. **Shri Vikram R. Patel**  
Executive Director
5. **Shri Nitin R. Patel**  
Executive Director & CFO
6. **Shri Vipul H. Patel**  
Executive Director  
(w.e.f. 20-8-2016)
7. **Shri Sandip V. Patel**  
Independent Director
8. **Shri Atul N. Ruparel**  
Independent Director
9. **Shri Arun S. Patel**  
Independent Director
10. **Shri Sandip A. Sheth**  
Independent Director
11. **Shri Mirat N. Bhadlawala**  
Independent Director
12. **Smt. Purvi S. Parikh**  
Independent Director

## BOARD COMMITTEES

### Audit Committee

**Shri Sandip V. Patel**  
Chairman

**Shri Nitin R. Patel**  
Member

**Shri Atul N. Ruparel**  
Member

**Shri Arun S. Patel**  
Member

### Nomination and Remuneration Committee

**Shri Atul N. Ruparel**  
Chairman

**Shri Sandip V. Patel**  
Member

**Shri Arun S. Patel**  
Member

**Shri Sandip A. Sheth**  
Member

### Stakeholders Relationship Committee

**Shri Mirat N. Bhadlawala**  
Chairman

**Shri Sandip V. Patel**  
Member

**Shri Nitin R. Patel**  
Member

**Shri Vasistha C. Patel**  
Member

### Finance and Investment Committee

**Shri Vishnubhai M. Patel**  
Chairman

**Shri Shashin V. Patel**  
Member

**Shri Nitin R. Patel**  
Member

**Shri Vasistha C. Patel**  
Member

**Shri Atul N. Ruparel**  
Member

### Corporate Social Responsibility Committee

**Shri Vishnubhai M. Patel**  
Chairman

**Shri Vasistha C. Patel**  
Member

**Shri Mirat N. Bhadlawala**  
Member

**Shri Sandip A. Sheth**  
Member

## BANKERS

Oriental Bank of Commerce  
The Karur Vysya Bank Limited  
ICICI Bank Limited  
IDBI Bank Ltd.  
Yes Bank Ltd.  
Standard Chartered Bank  
Punjab National Bank  
State Bank of India  
Axis Bank  
Bank of India

## COMPANY SECRETARY

**Shri Tushar D. Shah**  
(w.e.f. 28-3-2016)

## STATUTORY AUDITORS

**Surana Maloo & Co.**

## WORKSHOP

Village Ognaj, Tal. Daskroi,  
Dist. Ahmedabad.

## REGISTERED OFFICE

Sadbhav House,  
Opp. Law Garden Police Chowki,  
Ellisbridge, Ahmedabad - 380006.  
Website : [www.sadbhaveng.com](http://www.sadbhaveng.com)

## CORPORATE OFFICE

"Sadbhav", Nr. Havmor Restaurant,  
B/H. Navrangpura Bus Stand,  
Navrangpura, Ahmedabad - 380009.

## MUMBAI OFFICE

702, "C" Wing, Godrej Coliseum,  
Nr. Lokmanya, Behind Everard Nagar,  
Sion (East) Mumbai - 400 022.

**Corporate Identity Number (CIN):**  
**L45400GJ1988PLC011322**

## REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400078.





**BOARD OF DIRECTORS**

## Strong Leadership

*Leadership is about shared values and vision to high sights which results in raising performances to a higher standard. It is exemplified by uncovering the strength of work people do, leveraging attitudes they adopt and celebrating their potential. This leadership is the ambition where solutions and positivity blooms. It is not possible to build a thriving business with only one leader. It needs multiple leaders with skills in a team which implies strength. A strength represented by Sadbhav.*



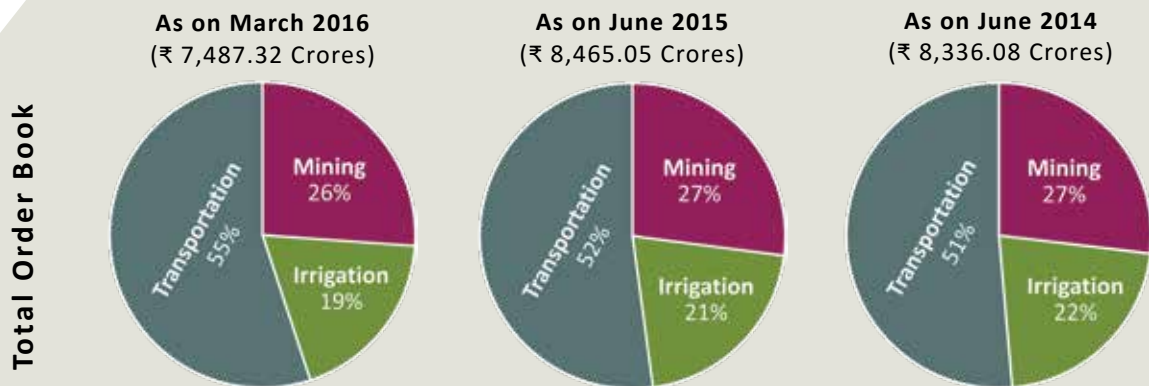
# Chairman's Message

Dear Stakeholders,

Over several years of perseverance, Sadbhav Engineering Limited has anchored itself as a pillar in the field of engineering & infrastructural development. Dealing with myriad aspects of engineering, construction, and infrastructural developmental activities across transport, mining, and irrigation sectors in India; today Sadbhav has successfully constructed more than 7300 Lane Kms. of Roads and Highways (both National and State Highways) while 2300 Lane Kms. are under various stages of construction. But amidst all this, your company has been responsible with its active contribution towards the society and environment. It has always believed in connecting life and enhancing its quality and will continue to do so with the same zeal in future.



***“ Our vision is to continually deliver profitability and maximum value to all stakeholders and achieve to maintain a leadership position through an ethical and sustainable means.”***



It, therefore, gives me a great pleasure to present the financial report of your company for the year 2015-2016. Given the present economic scenario in India and in general over the world, your company has continued to perform well on the outset. SADBHAV is a composite business which provides it the efficacy to create a stable equation. With various implications towards 'Make in India' policy being the face of developmental revolution, huge investments pertaining to all the segments are flowing in the direction of Indian economy. The all-important reform of Goods and Service Tax (GST) also no longer has remained a mere legislative limbo but has been approved to be implementing from the next financial year. With a special focus towards infrastructure, it has burgeoned the sector and converted them into imperative for a cumulative growth towards excellence. The Union budget has allocated ₹ 2.21 lakh crore for the entire infrastructure sector. Such opportunities have propelled the augmentation of the present circumstances in favour by increasing the pace of projects being sanctioned for the construction of highways. Also, in the Budget, roads have been earmarked ₹ 97,000 crore with a plan to award 10,000 kms. of new road projects in 2016-17, including ₹ 19,000 crore for rural roads. It, therefore, has had a great impact on the order book of your company while setting a standard for a result oriented performance. Your company has created value addition to, previously held, important portfolios by grabbing various important contracts and projects. With an aim accentuate its name with overall development your company creates new opportunities without compromising on work quality and punctuality.

SADBHAV Engineering Limited has engaged itself in Engineering, Procurement, and Construction (EPC) business for Transport, Mining, and Irrigation sector. Hence, your company has proudly reached a net worth of ₹ 1471.46 crores which reckons for a plunging growth. The order book stands at staggering ₹ 7487.33 crores with presence in 11 different states, as on 31st March, 2016. Your Company achieved success with a standalone turnover of FY 16 at ₹ 3186.25 crores. Your company has been a regular payer of dividends in the last 14 years with ₹ 14.45 crores as the Dividend pay-out for FY16. The standalone business has displayed profits since its inception in 1988. SADBHAV has strong in-house integrated execution capabilities with highly qualified human resource and state-of-the art equipments. Our Net Profit rose up to 17.57 % and Profit after Tax stands at ₹ 133.71 crores. The net worth of your company rose from ₹ 125.4 crores in 2006 to a solid ₹ 1,471.5 crores. These figures are an outcome of our dedication and focus towards delivering the best.

With an increase in the order book by 19% (CAGR 2006-2016), this current financial year, 55 % of SADBHAV's revenues are derived from the Transport segment which includes the upheaval of roads and highways. This development is executed on Build, Operate and Transfer (BOT) through SADBHAV Infrastructure Project Limited (SIPL). Your company currently executes 15 EPC contracts. With a captivating order book status of ₹ 3,692.14 crores it contributes to 1.8 x of the current year's transport revenue.

The overall contribution of irrigation and mining sector to sales ratio is 19% and 26% respectively. Providing a good revenue visibility, your company already has 20 on-going projects with the order book status of ₹ 1,441.93 crores as on 31st March, 2016 which translates to 2.7 x of FY16's irrigation revenue. Similarly, during this financial year, order book status for mining sector stands at the valuation of ₹ 1,974.76 crores which translates to 4.7 x of the revenue with 11 on-going projects.

Sadbhav's philosophy envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions. Through this it achieved a plethora of projects. These were optimally executed due to a winning alchemy of our Engineering and Management staff.

Your Company believes that the best way to give back to the society is in the form of education. It has the potential to transform the lives of both current and future generations. Hence, we have undertaken the Corporate Social Responsibility (CSR) of 'promotion of education' and girl-empowerment by conserving and renovating the government school in Chakkarpur, Gurgaon, Haryana and development of convent school for girls in Insanpur, Ahmedabad.

'Quality is an unending quest, an ideal to be pursued constantly. It begins in the mind, extends into systems and processes, and finds its expressions in the products

and services and consequents as a reliable solution in the hands of the end users.' Thereby, I take this opportunity to thank every stakeholder of Sadbhav Engineering Limited who plays an important role in establishing our ground in contributing towards building a nation. We also uphold our appreciation for our customers, shareholders, lenders and customers for joining us in this continuous effort to make a difference. Hence, on your as well as on behalf of the Board of Directors, I laud the support extended by the employees of Sadbhav Engineering to exhibit yet another exuberant display of impressive performance. I encourage them to keep pursuing our objective of binding trust in the capabilities of one-self and the team, during FY 2016-2017. I would like to thank you all for your constant and esteemed presence and congregated interest in the Company.

Regards,



Vishnubhai Patel



## Notice

NOTICE is hereby given that the Twenty- Seventh Annual General Meeting of the shareholders of Sadbhav Engineering Limited will be held on Wednesday September 28, 2016 at Lions Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380006 at 03.00 P.M. to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt :

(a) the audited financial statement of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon; and

(b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2016.

2. To declare a dividend on Equity Shares.

3. To appoint a Director in place of Mr. Vasistha C. Patel (DIN: 00048324) who retires by rotation and being eligible, offers himself for reappointment.

4. To appoint a Director in place of Mr. Vikramkumar R. Patel (DIN: 00048318) who retires by rotation and being eligible, offers himself for reappointment.

5. To ratify the appointment of the Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution: -

**"RESOLVED THAT** pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013, the appointment of M/s. Surana Maloo & Co., Chartered Accountants Ahmedabad having Firm Registration No. 112171W as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the Twenty Eighth Annual General Meeting be and is hereby ratified, and that their remuneration be determined by the Board of Directors of the Company on recommendation of Audit Committee."

### SPECIAL BUSINESS

6. To appoint Mr. Vipul H. Patel as an Additional Director of the Company

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

**"RESOLVED THAT** Mr. Vipul H. Patel [DIN: 06634262], who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 (Act) and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

7. To appoint Mr. Vipul H. Patel as a Whole-time Director of the Company for a period of three Years

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

**RESOLVED THAT** pursuant to the provisions of sections 196,197 and 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) subject to such approvals as may be necessary, consent of the Company be and is hereby given for the appointment of Mr. Vipul H. Patel [DIN: 06634262] as a Whole-time Director designated as an Executive Director of the Company for the period of three years from August 20, 2016 on the terms and conditions including remuneration as mentioned below:-

**Remuneration:** Up to maximum of ₹ 8,00,000/- per month, with authority to Board or a committee thereof , to fix the salary

within the said maximum amount from time to time. The annual increments will be decided by the Board or a Committee thereof and will take in to account the Company's performance.

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

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

#### **8. Ratification of Remuneration to Cost Auditor**

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

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Rajendra Patel & Associates, Cost Accountant in Practice having Firm Reg. No. 101163 appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2016-17, amounting to ₹ 1,50,000/- (Rupees One lac fifty thousand only) per annum respectively plus service tax applicable and re-imburement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

#### **9. To approve conversion of loan into equity**

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

**"RESOLVED THAT** pursuant to Section 62(3) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under and in accordance with the Memorandum and Articles of Association of the Company and applicable regulations and subject to all such approval(s), consent(s), permission(s), sanction(s), if any, of appropriate statutory, governmental and other authorities and departments in this regard and subject to such condition(s) and modification(s) as may be prescribed or imposed, while granting such approval(s), consent(s), permission(s) or sanction(s), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called the "Board", which term shall be deemed to include any committee(s) constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution, to the extent permitted by law), on the terms and conditions contained in the financing documents, such terms and conditions to provide, inter alia, to convert the whole or part of the outstanding loans of the Company (whether disbursed on or prior to or after the date of this resolution and whether then due or payable or not), (as already stipulated or as may be specified by the Financial Institutions/Banks under the financing documents executed or to be executed in respect of the financial assistance which have already been availed or which may be availed) by the Company under the lending arrangements (existing and future arrangements) with various Banks and Financial Institutions (hereinafter collectively referred to as the "Lenders"), at the option of the Lenders, the loans or any other financial assistance categorized as loans (hereinafter referred to as the "Financial Assistance"), in Foreign Currency or Indian Rupees, which have already been availed from the Lenders or as may be availed from the Lenders, from time to time, exceed up to a sum of ₹ 2000.00 Crores (Rupees Two Thousand crores only) over and above the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) consistent with the existing borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013, each such Financial Assistances being separate and distinct from the other, into fully paid up equity shares of the Company on such terms and conditions as maybe stipulated in the financing documents and subject to applicable law and in the manner specified in a notice in writing to be given by the Lenders (or their agents or trustees) to the Company (hereinafter referred to as the "Notice of Conversion") and in accordance with the following conditions:

- (i) the conversion right reserved as aforesaid may be exercised by the Lenders on one or more occasions during the currency of the Financial Assistance;
- (ii) on receipt of the Notice of Conversion, the Company shall, subject to the provisions of the financing documents, allot and issue the requisite number of fully paid-up equity shares to the Lenders or any other person identified by the Lenders as from the date of conversion and the Lenders may accept the same in satisfaction of the part of the loans so converted;
- (iii) the part of the loan so converted shall cease to carry interest as from the date of conversion and the loan shall stand correspondingly reduced. Upon such conversion, the repayment installments of the loan payable after the date of conversion as per the financing documents shall stand reduced proportionately by the amounts of the loan so converted. The equity shares so allotted and issued to the Lenders or such other person identified by the Lenders shall carry, from the date of conversion, the right to receive proportionately the dividends and other distributions declared or to be declared in respect

of the equity capital of the Company. Save as aforesaid, the said shares shall rank pari passu with the existing equity shares of the Company in all respects.

- (iv) In the event that the Lenders exercise the conversion right as aforesaid, the Company shall at its cost get the equity shares, issued to the Lenders or such other person identified by the Lenders as a result of the conversion, listed with such stock exchanges as may be prescribed by the Lenders or such other person identified by the Lenders and for the said purpose the Company shall take all such steps as may be necessary to the satisfaction of the Lenders or such other person identified by the Lenders, to ensure that the equity shares are listed as required by the Lenders or such other person identified by the Lenders.
- (v) The loans shall be converted into equity shares at a price to be determined in accordance with the applicable Securities and Exchange Board of India Regulations at the time of such conversion.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalise the terms and conditions for raising the Financial Assistance, from time to time, with an option to convert the Financial Assistance into equity shares of the Company any time during the currency of the Financial Assistance, on the terms specified in the financing documents, including upon happening of an event of default by the Company in terms of the loan arrangements.

**RESOLVED FURTHER THAT** on receipt of the Notice of Conversion, the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary and shall allot and issue requisite number of fully paid-up equity shares in the Company to such Lenders.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue, offer and allot from time to time to the Lenders such number of equity shares for conversion of the outstanding portion of the loans as may be desired by the Lenders.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept such modifications and to accept such terms and conditions as may be imposed or required by the Lenders arising from or incidental to the aforesaid terms providing for such option and to do all such acts and things as may be necessary to give effect to this resolution.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable as may be required to create, offer, issue and allot the aforesaid shares, to dematerialize the shares of the Company and to resolve and settle any question, difficulty or doubt that may arise in this regard and to do all such other acts, deeds, matters and things in connection or incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby also authorized to delegate all or any of the powers herein conferred by this resolution on it, to any committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution.”

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

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

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

Place : Ahmedabad  
Date : August 20, 2016

## NOTES:

1. A member entitled to attend and vote at the annual general meeting (the “meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organisation.
3. The explanatory statements pursuant to Section 102 of Companies Act, 2013 relating to special business are annexed.
4. The information required under Regulation 27 of the SEBI (LODR) Regulations, 2015 on Directors’ appointment/ reappointment are given below and form part of the Notice.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. Company has uploaded the data regarding unpaid and unclaimed dividends amount lying with the Company on the web site of Company as well as on the website of the Ministry of Corporate Affairs. Investors are therefore requested to verify the data and lodge their claims of unpaid dividend, if any.
7. Relevant documents referred to in the accompanying Notice and Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting.
8. The Register of Members and Share Transfer Books will be closed from Saturday September 17, 2016 to Wednesday September 28, 2016 (both days inclusive) for ascertaining the shareholders entitled to receive dividend, if approved at the meeting.
9. Members can avail the nomination facility by filing Form No. SH-13, as prescribed under Section 72 of the Companies Act, 2013 and rule 19 (1) of the Companies (Share Capital and debentures) Rules 2014 with the Company. Blank forms will be supplied on request.
10. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended as on 31st March, 2009 and thereafter, which remains unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, pursuant to Section 205C of the Companies Act, 1956.

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Dividend
31-03-2009	29-09-2009	04-11-2016
31-03-2010	08-09-2010	14-10-2017
31-03-2011	27-09-2011	02-11-2018
31-03-2012	29-09-2012	04-11-2019
31-03-2013	30-09-2013	05-11-2020
31-03-2014	26-09-2014	01-11-2021
31-03-2015	29-09-2015	04-11-2022

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

11. Pursuant to the provisions of Section 108 of the Act and other applicable provisions, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (LODR) Regulation, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from place other than the venue of the Meeting (“remote e-voting”). In addition, the facility of voting through Ballot Paper shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM.

### Instructions for Members for remote e-voting are as under:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (ii) Click on “Shareholders” tab.

- (iii) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
DOB OR Dividend Bank Details	Enter your Date of Birth in dd/mm/yyyy format. OR Enter the Bank Account Number as recorded in your demat account or in the Company's records for the said demat account or Folio No.  Please enter any one of the details in order to login. In case both the details are not recorded with the Depository or the Company, please enter the number of shares held on cut off date i.e. September 21, 2016 in the Bank Account Number field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice. Members holding shares in physical form will then reach directly the EVSN selection screen.
- (ix) Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) Click on the EVSN for SADBHAV Engineering Limited.
- (xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholder can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and windows phone user can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) **Note for Non-Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.



- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- I. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**Other Instructions:**

- The remote e-voting period commences on September 25, 2016 @9.00 a.m. and ends on September 27, 2016 @ 5.00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on September 21, 2016, may cast their vote through remote e-voting. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on September 21, 2016.
- Mr. Ravi Kapoor, Practicing Company Secretary, Proprietor of M/s. Ravi Kapoor & Associates (Membership No. FCS 2587), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote-e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days from the conclusion of the meeting a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.sadbhaveng.com](http://www.sadbhaveng.com) and on the website of CDSL [www.evoting.cdsl.com](http://www.evoting.cdsl.com) within three days of the passing of the resolutions at the 27th AGM of the Company held on September 28, 2016 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

**Details of Directors Seeking Appointment at the Annual General Meeting (Pursuant to Regulation 27 of the SEBI (LODR) Regulations, 2015)**

Director	Mr. Vasistha C. Patel	Mr. Vikram R. Patel	Mr. Vipul H. Patel
Date of Birth	July 25, 1973	April 02, 1968	October 13, 1976
Date of Appointment	September 29, 2012	September 29, 2012	August 20, 2016
Functional Expertise	18 years’ experience in the Construction Industry	24 years’ experience in construction industry, powered with entrepreneurship skill and motivation	More than 12 years’ experience in the field of Road sector, Metro Rail, Irrigation, Building and Mining sector
Qualifications	Civil Engineer	Commerce Graduate	B. E. Civil
Directorship in other Companies	1. Sadbhav Infrastructure Project Limited 2. Bijapur - Hungund Tollway Pvt. Ltd. 3. Sadbhav Rudrapur Highway Pvt. Ltd. 4. Sadbhav Bhavnagar Highway Pvt. Ltd. 5. Sadbhav Una Highway Pvt. Ltd.	1. Ahmedabad Ring Road Infrastructure Ltd. 2. Mysore-Ballary Highway Pvt. Ltd. 3. Rohtak - Hissar Tollway Pvt. Ltd. 4. Rohtak Panipat Tollway Pvt. Ltd. 5. Dhule Palesner Tollway Limited 6. Aurangabad Jalna Tollway Limited 7. Hyderabad Yadgiri Tollway Pvt. Ltd.	1. Rohtak - Hissar Tollway Pvt. Ltd. 2. Rohtak Panipat Tollway Pvt. Ltd.
Chairman/ Member of Committee in other Companies	1. Sadbhav Infrastructure Project Limited	1. Rohtak Panipat Tollway Pvt. Ltd. 2. Rohtak - Hissar Tollway Pvt. Ltd. 3. Ahmedabad Ring Road Infrastructure Ltd. 4. Aurangabad Jalna Tollway Limited 5. Dhule Palesner Tollway Limited	None
No. of Equity Shares held in the Company	3202150	4608750	166850

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

### Item No. 6 & 7

Pursuant to the provisions of Section 161(1) of the Act read with provisions of Articles of Association of the Company, the Board of Directors of the Company upon recommendation of Nomination and Remuneration Committee appointed Mr. Vipul H. Patel on August 20, 2016 as Additional Director of the Company.

Mr. Vipul H. Patel has consented to act as Director. The said director is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013.

The Company has received notice in writing from member along with the deposit of requisite amount under Section 160 of Companies Act, 2013 proposing the candidature of Mr. Vipul H. Patel for the offices of Director of the Company.

Subject to shareholders' approval, the Board of Directors at their meeting held on August 20, 2016 have also appointed Mr. Vipul H. Patel as Whole-time Director designated as Executive Director of the Company for a period of three years from August 20, 2016 on terms and conditions including remuneration as set out in the proposed resolution.

The said terms and conditions including remuneration has been recommended by the Nomination and Remuneration Committee of Board of Directors.

Mr. Vipul H. Patel is B.E. Civil and has experience in the field of Road sector, Metro Rail, Irrigation, Building and Mining sector. He is looking after the Road projects, Metro Rail projects in North India, Irrigation and pipeline project in MP. He is also playing important role in bidding of the new projects.

The Board, while approving the appointment and remuneration of Mr. Vipul H. Patel, took in to account his qualifications and more than 12 years experience in construction industry, the responsibilities to be shouldered by him and his past performance.

Taking in to consideration his involvement, responsibility and contribution, his appointment would be immensely benefited for the operation of Company.

The Board recommends the Ordinary Resolutions set out at Item No. 6 & 7 of the Notice for approval by the shareholders.

None of Directors, Key Managerial Personnel, relatives of Directors and Key Managerial Personnel of the Company is directly/ Indirectly interested in the above resolution except Mr. Vipul H. Patel is interested in the resolution.

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

### I. General Information:

Sr. No.	Nature of Industry	Infrastructure development and construction Company primarily focusing on roads, irrigation and mining operations		
1.	Date or expected date of commencement of commercial production	The Company is already in existence and it started its activities since 1988.		
2.	In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.		
3.	Financial Performance based on given indicators	Financial Parameters	Financial Year	
			(₹ in Cores)	
			2015-16	2014-15
		Total Revenue	3276.76	3035.39
		Net Profit/(Loss)	133.70	113.73
		Amount of Equity Dividend	12.00	12.00
		Rate of Equity Dividend	70%	70%
4.	Foreign Investments or collaborations, if any.	<ul style="list-style-type: none"> <li>The Company has no foreign collaborations as on 31st March, 2016.</li> <li>Foreign Investment in the term of shareholding in the Company of the following as on 31/03/2016 are as under :                             <ul style="list-style-type: none"> <li>(a) FII : 25665457 Equity shares of Re. 1-each constituting 14.95% paid up equity capital.</li> <li>(b) NRI : 120472 Equity shares of Re. 1-each constituting 0.07% paid up equity capital.</li> <li>(c) NRI (Non Repartiable) : 368664 Equity shares of Re. 1-each, constituting 0.21% paid up equity capital.</li> </ul> </li> </ul>		

**II. Information about the appointee:**

Sr. No.	Particulars	Mr. Vipul H. Patel
1.	Background details	Mr. Vipul H. Patel is B.E. Civil. He is associated with Company since May 2002. He has experience in the field of Road sector, Metro Rail, Irrigation, Building and Mining sector.
2.	Past Remuneration	Mr. Vipul H. Patel is an employee of the Company.  Looking to his association to the company and experience, work, it is proposed to appoint as executive director of the Company at Maximum Remuneration of ₹ 8,00,000 P.M. and on such other term as to commission and perquisites as to be approved in this meeting.
3.	Recognition or awards	None
4.	Job profile and his suitability	He is looking after the Road projects, Metro Rail projects in North India. He is also looking after Irrigation and pipeline project in MP. He is also responsible for attending all important meetings with clients and local administration. He is also playing important role in bidding of the new projects. He is also responsible for completing projects in time with best quality. Cash flow management and monitoring of the project work is also taken care by him.
5.	Remuneration Proposed	Salary up to Maximum ₹ 8,00,000 P.M. and such other terms as to the commission and perquisites as proposed to be approved in this meeting.
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The prevalent levels of remuneration in infrastructure industry are higher. Taking into account the contribution being made by Mr. Vipul Patel in looking after the Road projects, Metro Rail projects in North India., Irrigation project, in bidding of the new projects, rich experience, the proposed remuneration is reasonable and in line with the remuneration levels in the industry across the Country.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	He does not have any pecuniary relationship directly or indirectly with the Company or is its managerial personnel, other than drawing his remuneration in the capacity of Executive Director of the Company.

**III. Other Information:**

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

**Item No. 8**

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Rajendra Patel & Associates, Cost Accountant in Practice (Firm Reg. No. 101163), to conduct the audit of the cost records of the Company for the financial year ended March 31, 2017.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditors for audit of cost records of the Company for the financial year 2016-17 as set out in the resolution for the aforesaid services to be rendered by them.

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

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

**Item No. 9**

In terms of the provisions of Section 180(1)(c), the shareholders of the Company have already accorded approval to the Board of Directors of the Company to borrow money/moneys exceed up to a sum of ₹ 2000.00 Crores (Rupees Two Thousand crores only) over and above the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) by passing a Special Resolution at the 25th Annual General Meeting the of the Company held on 26th September, 2014. In line with the regulatory changes in the recent past, the changes in the Companies Act and in line with various directives issued by Reserve Bank of India, from time to time, the Company has been advised to pass a Special Resolution under Section 62(3) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder to enable the Banks and Financial Institutions (hereinafter referred to as the "Lenders") to convert the outstanding loans or any

other financial assistance categorized as loans (hereinafter referred to as the “Financial Assistance”), in foreign currency or Indian Rupee, already availed from the Lenders or as may be availed from the Lenders, from time to time, at their option, into equity shares of the Company upon such terms and conditions as may be deemed appropriate by the Board and at a price to be determined in accordance with the applicable Securities and Exchange Board of India Regulations (SEBI Regulations) at the time of such conversion.

Accordingly, the Board recommends the resolution as set out at Item No. 9, to enable the Lenders, in terms of the lending arrangements, entered/to be entered and as may be specified by the Financial Institutions/Banks under the financing documents already executed or to be executed in respect of the Financial Assistance availed/to be availed, at their option, to convert the whole or part of their respective outstanding Financial Assistance into equity shares of the Company, upon such terms and conditions as may be deemed appropriate by the Board and at a price to be determined in accordance with the applicable SEBI Regulations at the time of such conversion.

Since decisions for raising the Financial Assistance or agreeing to terms and conditions for raising the Financial Assistance (including option to convert loan into equity) are required to be taken on quick basis, especially keeping in view the interest of the Company, it may not be feasible for the Company to seek shareholders consent each and every time, in view of the timings and the expenses involved, hence this resolution.

Pursuant to provisions of Section 62(3) of the Companies Act, 2013, this resolution requires approval of the members by way of passing of a Special Resolution. Hence, the Board recommends the said enabling resolution for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be interested/concerned in this resolution, except to their respective shareholdings in the Company, if any.

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

Place : Ahmedabad  
Date : August 20, 2016

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

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

## Directors' Report

To  
The Members,

The Directors have the pleasure in presenting the Twenty Seventh Annual Report together with the audited financial statement for the year ended March 31, 2016.

### Financial Results

The Company's financial performance for the Year ended on March 31, 2016 is summarized below: (₹ in crores)

Particulars	Standalone		Consolidated	
	Current Year 2015-2016	Previous Year 2014-2015	Current Year 2015-2016	Previous Year 2014-2015
Income from Operations	3186.25	2969.85	3877.52	3446.78
Profit before Finance Cost, Depreciation & Amortization Expense and Tax Expense	415.89	365.78	848.10	628.59
Less : Finance Cost	151.48	138.22	726.01	615.01
Depreciation and Amortization Expense	84.93	81.71	287.42	223.48
Profit / (Loss) before Exceptional Item and Tax	179.48	145.85	(165..33)	(209.90)
Exceptional Item (Net of Income)	(19.45)	-	42.15	11.65
Profit / (Loss) Before Tax	160.03	145.85	(123.18)	(198.25)
Less :- Current Tax	37.77	39.87	37.95	39.87
Add :- Deferred tax liability /(asset)	(1.25)	(5.27)	(1.25)	(5.25)
Add :- Excess /(Short) provision for taxation of earlier years	(14.14)	(2.48)	(23.77)	(0.35)
Less :- Reversal of MAT Credit	3.95	-	3.95	-
Profit / (Loss) for the period from continuing Operations	-	113.73	(140.04)	(232.52)
Add :- Share of Loss Transferred to Minority Interest	-	-	93.29	87.15
Less :- Share of (Loss) of Minority interest of earlier years	-	-	-	(27.96)
Less :- Share of Loss of Associates	-	-	-	(2.31)
Add :- Share of Profit of Joint Venture	-	-	-	0.16
Net Profit for the year	133.71	113.73	(46.75)	(175.49)
Balance brought forward from last year	510.24	511.42	34.50	307.84
Loss of Subsidiary for previous year transferred	-	-	9.22	27.99
Amount available for Appropriations	643.94	625.15	(3.03)	160.34
<b>Appropriations</b>				
Transfer to General Reserve	10.00	10.00	10.00	10.00
Transfer to Debenture Redemption Reserve	-	69.85	-	80.77
Proposed Dividend	12.01	12.01	12.01	12.01
Tax on Proposed Dividend	2.44	2.44	2.44	2.44
Adjustment Relating to Fixed Assets	-	20.60	-	20.60
<b>Balance carried to Balance Sheet</b>	<b>619.49</b>	<b>510.24</b>	<b>(27.49)</b>	<b>34.50</b>

### Dividend:

The Directors are pleased to recommend dividend of 70% (₹ 0.70 per equity share of ₹ 1 each) for the financial year ended March 31, 2016 for approval of the shareholders. The final dividend, if approved, will result in cash payout of ₹ 12.01 Crores and dividend tax of ₹ 2.44 Crores.

### Reserves:

Company has transferred a sum of ₹ 10.00 Crores into General Reserve during the period under review.

### Business Overview:

#### Standalone Basis

The total income from operations during the year under review was ₹ 3186.25 Crores against ₹ 2969.85 Crores for the previous year resulting the Increase of 7.28% Operating Profit (PBDIT) for the current year is ₹ 415.89 Crores (₹ 365.78 Crores in previous

year) thereby resulting the increase of 27.97%. Net Profit after tax amounted to ₹ 113.73 Crores (₹ 106.16 Crores in previous year) thereby resulting increase of 13.70%. There has been no change in the nature of business of the Company during the applicable financial year.

#### Consolidated Basis

As per the Consolidated Financial Statements, the income from operations of the company, operating profit (PBDIT), and net loss for the year were ₹ 3877.52, ₹ 848.10 and ₹ 46.75 Crores respectively.

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

There have been no material changes and commitments affecting financial position between end of the financial year and the date of the report.

#### Operations:

##### Ongoing Works

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

Sector	No. of projects	Work order	Work done	Work on hand
Transportation	27	10236.58	6165.94	4070.64
Irrigation	20	3262.93	1821.00	1441.93
Mining Operation	11	3351.03	1376.27	1974.76
Total	58	16850.54	9363.21	7487.33

The Company's order book (pending execution) shows work on hand amounting to ₹ 7,487.33 crores as on the March 31, 2016.

#### BOT Projects under Implementation :

Name of the Company	Details of Project	Cost of the Project (₹ in crores)	Status as on March 31, 2016 Cost incurred (Including Mobilisation and Material Advances)	% Shareholding (Ownership)	
				SEL	SIPL
Mysore-Bellary Highway Pvt. Ltd. (MBHPL)	The DBFOMT (Annuity) project is for the existing State Highway (SH33 & SH3) from Malavalli to Pavagada (Approx length of 193.344 Kms) in the State of Karnataka (WAP-1).	811.20	480.78	74	-
Bhilwara-Rajsamand Tollway Pvt. Ltd. (BRTPL)	Four laning of Rajsamand - Bhilwara Section of NH-758 (from km 0.000 to km 87.250) under NHDP Phase IV in the State of Rajasthan on DBFOT (Toll) Basis.	676.10	648.20	-	100
Rohtak-Hissar Tollway Pvt. Ltd. (RHTPL)	The project consists of "4 - Laning of Rohtak to Hissar Section of NH-10 from Km 87.000 to km 170.000 including connecting link from km 87.000 (NH-10) to km 348.000 (NH-71) to be executed as BOT (Toll) project on DBFOT pattern under NHDP Phase III in the state of Haryana (Length 98.810 Km).	1271.58	1181.70	-	100

#### BOT Projects Partial Implementation:

Name of the Company	Details of Project	Cost of the Project (₹ in crores)	Status as on March 31, 2016 Cost incurred (Including Mobilisation and Material Advances)	% Shareholding (Ownership)	
				SEL	SIPL
Maharashtra Border Check Post Network Ltd. (MBCPNL)	<ul style="list-style-type: none"> <li>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.</li> <li>The project is in joint venture between Company &amp; its associates, SREI Infrastructure Finance Limited and SREI Sahaj e-village Limited.</li> </ul>	1426.37	1418.47	12	78

**SEL: Sadbhav Engineering Limited**

**SIPL: Sadbhav Infrastructure Project Limited**

**Revenue Generating BOT Project:**

Name of the Company	Details of Project	Cost of the Project (₹ in crores)	Toll Revenue of the F.Y. 2015-16 (₹ in crores)	% Shareholding (Ownership)	
				SEL	SIPL
Ahmedabad Ring Road Infrastructure Ltd. (ARRIL)	Improvement & Widening to Four Laning of the then 2 Lane Sardar Patel Ring Road Around Ahmedabad City on BOT basis.	500.80	91.16	-	100
Aurangabad-Jalna Tollway Ltd. (AJTL)	Providing four laning to Aurangabad Jalna road (Km. 10/400 to 60/200) & Zalta Bypass Km. 0/00 to 2/850 & Beed Bypass Km. 292/500 to 305/650.	278.49	41.92	-	100
Nagpur-Seoni Expressway Ltd. (NSEL)	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.	303.83	38.40	-	100
Dhule-Palesner Tollway Ltd. (DPTL)	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 (89 Kms) in the State of Maharashtra under NHDP Phase IIIA on BOT (Toll) Basis.	1420.00	150.12	20	49
Bijapur-Hungund Tollway Pvt. Ltd. (BHTPL)	Four laning of Bijapur-Hungund Section of NH-13 from km 102.000 to km 202.000 (97.22Kms) in the state of Karnataka on Design, Build, Finance, Operate and Transfer ("DBFOT"), Toll basis.	1322.61	114.75	-	77
Hyderabad-Yadgiri Tollway Pvt. Ltd. (HYTPL)	Design, Engineering, Construction, Development, Finance, Operation and Maintenance of four laning of Hyderabad-Yadgiri Section from km 18.600 to km 54.000 (36.65Kms) of NH-202 in the state of Andhra Pradesh under NHDP Phase-III on DBFOT (Toll) Basis Package No. NHDP-III/ BOT/AP/04.	506.40	54.34	-	100
Maharashtra Border Check Post Network Ltd. (MBCPNL)	Modernization and computerization of integrated border check posts at 22 (Twenty Two) locations in the State of Maharashtra on Build Operate and Transfer (BOT) Basis. Toll collection has been started in 13 out of 22 Check.	1426.37	154.22	12	78
Rohtak-Panipat Tollway Pvt. Ltd. (RPTPL)	Four laning of Rohtak to Panipat Section of NH-71A from k.m. 0.000 km 63.30 of NH-10 to km 80.858 km 83.50 of NH-1 in the state of Haryana (80.85 Kms) on BOT basis under NHDP phase-III.	1240.10	80.50	-	100
Shreenathji-Udaipur Tollway Pvt. Ltd. (SUTPL)	Four Laning of Gomati Chauraha - Udaipur section of NH-8 (from Km 177/000 to Km 260/100) in the state of Rajasthan under NHDP Phase IV.	1151.46	28.86	-	100

- In respect of MBHPL - In accordance with the share purchase agreement dated November 03, 2014 our company to Sell 74.00% of the outstanding equity interest to SIPL. However, said transfer is subject to approval from the Government authority.
- During the year 2015-2016, SIPL has acquired 6% stake in Ahmedabad Ring Road Infrastructure Limited from Patel Infrastructure Private Limited.
- During the year 2015-2016, SIPL had acquired 60% stake in Dhule Palesner Tollway Limited from its existing shareholders, for making it 100% Subsidiary. The transfer of ownership formality which was pending as at March 31, 2016 has been completed on the date of this report. "Save and except for 300 shares for which necessary approval from NHAI is pending".
- In respect of MBCPNL, pursuant to share purchase-cum-shareholders' cum sub-ordinated debt agreement dated September 18, 2013 SEL and SIPL have agreed to sell 5,940 equity shares (11.88% of the outstanding equity interest) and 4,963 equity shares (9.93% of the outstanding equity interest) of MBCPNL respectively to D. Thakkar Construction Private Limited. Further, SEL has also entered into a share purchase agreement dated November 04, 2014 to sell 5,000 equity shares (10.00% of the outstanding equity interest) of MBCPNL to SIPL.
- In respect of MBCPNL, during the year 2015-16, the company has received general resolution from government of Maharashtra for construction of additional 2 Check post on BOT basis.

### Employee Stock Option Scheme:

The Company has implemented the Sadbhav Employee Stock Option Scheme 2008 (ESOS Scheme 2008). The Nomination and Remuneration Committee administers and monitors the Scheme.

The applicable disclosures as stipulated under applicable Rules and Regulations as on March 31, 2016 with regard to Employee Stock Option Plan are provided in 'Annexure 1' forming part of this report.

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

### Share Capital:

During the year, the total paid-up equity share capital of the company has been increased from ₹ 17,15,00,800/- to ₹ 17,15,33,800/- on account of allotment of 33,000 equity shares of ₹ 1/- each at a premium of ₹ 49 per share to the directors and employees of the Company under Sadbhav Employee Stock Option Scheme 2008 (ESOS Scheme 2008).

### Subsidiaries, Joint Ventures and Associates Companies:

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

Sr. No.	Name of the Subsidiary/Joint ventures/associate Company	Period of becoming company's subsidiaries, joint ventures or associate company.	Period of ceasing to company's subsidiaries, joint ventures or associate company.	Remarks, if any
1	Dhule-Palesner Tollway Ltd. (DPTL)	October 29, 2015	--	During the year 2015-2016, SIPL (A subsidiary company) had acquired 60% stake in Dhule Palesner Tollway Limited from its existing shareholders, for making it 100% Subsidiary. The transfer of ownership formality which was pending as at March 31, 2016 has been completed on the date of this report.
2.	Mumbai-Nasik Expressway Limited (MNEL)	-	February 29, 2016	During the year company has sold 20% stake held in Mumbai-Nasik Expressway Limited (MNEL).
3	SADBHAV-PIPL (JV)	July 21, 2015	-	-

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

The Company will keep the separate audited financial statements in respect of each of subsidiaries at the Registered Office of the Company and its subsidiaries and make them available upon the request by any shareholder of Company. The said financial statements are also available on the website of your Company at <http://www.sadbhaveng.com/investor>. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link: [http://www.sadbhaveng.com/wp-content/uploads/2014/11/MATERIAL\\_SUBSIDIARY.pdf](http://www.sadbhaveng.com/wp-content/uploads/2014/11/MATERIAL_SUBSIDIARY.pdf)

### Consolidated Financial Statements:

In compliance with the applicable provisions of Companies Act, 2013 including the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2015-16.

### Board of Directors and Key Managerial Personnel:

#### Retirement by Rotation

Mr. Vasistha C. Patel and Mr. Vikram R. Patel, are the directors liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. The directors recommend their re-appointment.

During the year, Mr. Vijay Kalyani, Company Secretary & Compliance Officer of the Company has resigned w.e.f. 10.02.2016, Mr. Tushar D. Shah has been appointed as Company Secretary & Compliance Officer of the Company w.e.f. 28.03.2016 pursuant to the provision of Section 203 of the Companies Act, 2013 and any amendments thereto and has per SEBI (LODR), Regulations, 2015.

#### Appointment

Pursuant to the provision of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Vipul H. Patel appointed as Additional and Whole-time Director designated as an Executive Director by Board of Directors at its Meeting held on August 20, 2016 and hold office upto the date of the ensuing Annual General Meeting.

The Board recommend his appointment in the ensuing Annual General Meeting.



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

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

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

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

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

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules and no complaint has been received on sexual harassment during the financial year 2015-16.

### **Nomination and Remuneration Policy:**

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employees has been provided under Corporate Governance Report.

### **Whistle Blower Policy:**

The Company has a vigil mechanism named Whistle Blower Policy for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The details of the said Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

### **Audit Committee:**

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

### **Development and implementation of Risk Management Policy:**

In accordance with the Regulation 27 of SEBI (LODR) Regulations, 2015, the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the Company by way of Risk Management Policy.

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

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

### **Meetings of Board:**

During the year, Five Board Meetings were held and the details of which are given in the Corporate Governance Report.

### **Directors' Responsibility Statement:**

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

- (a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed and there are no material departures from the same;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2016 and of the profit and loss of the Company for the year ended on that date;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) that the directors have laid down internal financial controls to be followed by the company and that the financial controls are adequate and are operating effectively; and
- (f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**Statutory Auditors:**

M/s. Surana Maloo & Co., Chartered Accountants, Ahmedabad having Firm Registration No. 112171W, were appointed as Statutory Auditors of the Company with your approval at the 25th AGM to hold such office till the conclusion of the 28th AGM. The Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of M/s Surana Maloo & Co., Chartered Accountants from the conclusion of the ensuing AGM till the conclusion of the 28th AGM for such a remuneration that may be determined by the Board of Directors of the Company on recommendation of Audit Committee.

The Company has received the written consent from the auditor for their appointment and a certificate to the effect that the appointment if made shall be in accordance with the conditions prescribed under Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and they have also satisfied the criteria provided in section 141 of Companies Act, 2013.

There are no qualifications, reservations or adverse remarks made by Statutory Auditors in their report for the Financial Year ended March 31, 2016.

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

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

**Secretarial Auditors:**

Pursuant to the provisions of Section 2014 of the Companies Act, 2013 and the rules made thereunder, the Company had appointed M/s. Ravi Kapoor and Associates, Practising Company Secretaries to undertake the Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report is annexed herewith as 'Annexure 2' to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**Cost Auditors:**

Mr. Jitendra Soni, Cost Accountant resigned as Cost Auditor due to his pre-occupation. The Board, on recommendation of Audit Committee has appointed M/s. Rajendra Patel & Associates, Cost Accountant, to conduct audit of cost records of the Company for the year ended 31st March, 2017. The Cost Audit Report for the year 2014-2015 was filed before the due date with the Ministry of Corporate Affairs.

**Transfer To Investor Education and Protection Fund:**

The Company has transferred a sum of ₹ 0.25 lacs to the Investor Education and Protection fund established by the Central Government during the financial year 2015-16, in compliance with Section 205A(5) of the Companies Act, 1956. The said amount represents unclaimed dividend amount for the financial year 2007-2008 which were lying with the Company for a period of 7 years from their due dates of payment. Prior to transferring the aforesaid sum, the Company has send reminders to the shareholders for submitting their claims for unclaimed dividend for the financial year 2007-2008.

**Corporate Social Responsibility:**

The Annual Report on CSR activities is annexed to this Report. The CSR policy is available on the <http://www.sadbhaveng.com/csr-activities> of the Company. The CSR activities is annexed herewith as 'Annexure 3'.

**Corporate Governance:**

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

**Particulars of Employees and related disclosures:**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is attached as 'Annexure 4' which forms part of this report.

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

**Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo:**

The rules regarding conservation of Energy and Technology Absorption are not applicable to the Company. The particulars of the expenditure and earning in Foreign Currency are given in Notes to Accounts (Note No. 2.40 to 2.42).

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

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes no. 2.13, 2.15 & 2.48 to the Financial Statements.

**Contracts and Arrangements with Related Parties:**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Particulars of contract / arrangement / transaction entered into by the Company with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions forms integral part of this report in form AOC-2 as per 'Annexure 6'.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: [http://www.sadbhaveng.com/wp-content/uploads/2014/11/RELATED\\_PARTY\\_TRANSACTION1.pdf](http://www.sadbhaveng.com/wp-content/uploads/2014/11/RELATED_PARTY_TRANSACTION1.pdf). Your Directors draw attention of the members to notes no. 2.35 to the financial statement which sets out related party disclosures.

**Extract of Annual Return:**

Extract of Annual Return of the Company is annexed herewith as 'Annexure 7' to this Report.

**Internal Financial Controls:**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

**Credit Rating:**

Rating agency Credit Analysis & Research Ltd. (CARE) has reaffirmed the rating of 'CARE A +' [Single A plus] to the Long-term bank facilities, Long-term NCDs of the Company and 'CARE A1+' [A One Plus] to the Short-term bank facilities, Commercial Papers of the Company.

Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

**General:**

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

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

**Industrial Relations:**

The Company 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.

**Acknowledgments:**

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 : August 20, 2016

**Vishnubhai M. Patel**  
Chairman & Managing Director

## Annexure - 1 forming part of Directors Report

Information required to be disclosed under applicable Rules and Regulations as at March 31, 2016 are given below:

A.

Sr. No.	Particulars	ESOS-2008
1	Option Granted	2,50,000 adjusted to 25,00,000 (on account of split of the face value of Equity Shares from ₹ 10 each to Re 1 per share)
2	The Pricing Formula / Exercise Price	Pursuant to the power granted to Remuneration Committee, it in its meeting held on October 04, 2010, has determined the Exercise Price ₹ 500/- per equity share which was subsequently adjusted to ₹ 50 per equity share due to split of equity share.
3	Option Vested	22,19,500
4	Option exercised	20,84,000
5	Total number of Shares arising as a results of exercise of Options	20,84,000
6	Options Lapsed	3,79,000
7	Variation in the terms of Options	NIL
8	Money realized by exercise of options	₹ 10,42,00,000
9	Total number of options in force	37,000

B. Employee wise details of options granted:

- During the year, no options were granted to any Key Managerial Personnel.
- Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year: 1,80,000 options granted to Mr. Nitin R. Patel, the Executive Director during year 2010-11 and no options are outstanding as at 31/03/2016.
- 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: None

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 ₹ 7.79)

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 (₹)	N.A.
ii) Exercise price is greater than market price (₹)	N.A.
iii) Exercise price is less than market price (₹)	N.A.

Weighted average fair value of Options granted during the year whose

i) Exercise price equal market price (₹)	N.A.
ii) Exercise price is greater than market price (₹)	N.A.
iii) Exercise price is less than market price (₹)	₹ 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 (₹)	₹ 156.72

## Annexure - 2

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2016**

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

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

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

Based on our verification of the Sadbhav Engineering Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Sadbhav Engineering Limited ("the Company") for the financial year ended on 31st March, 2016 verified the provisions of the following acts and regulations and also their applicability as far as the Company is concerned during the period under audit:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992, ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 till 15th May, 2015 and post 15th May, 2015 The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) There are no laws which are specifically applicable to the Company.

We have also examined compliance with applicable clauses of the following

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

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

### **We further report that**

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

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

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

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

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

**For, Ravi Kapoor & Associates**

Place : Ahmedabad  
Date : May 30, 2016

**Ravi Kapoor**  
Company Secretary in practice  
FCS No.: 2587 • CP No.: 5974

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

## **Annexure - A**

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

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

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

**For, Ravi Kapoor & Associates**

Place : Ahmedabad  
Date : May 30, 2016

**Ravi Kapoor**  
Company Secretary in practice  
FCS No.: 2587 • CP No.: 5974

## Annexure - 3 CSR Report

1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	The Company has framed the CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Companies website and the web link for the same is <a href="http://www.sadbhaveng.com/wp-content/uploads/2014/11/CORPORATE_SOCIAL_RESPONSIBILITY.pdf">http://www.sadbhaveng.com/wp-content/uploads/2014/11/CORPORATE_SOCIAL_RESPONSIBILITY.pdf</a> The details of the CSR activities undertaken during the year can be accessed at <a href="http://www.sadbhaveng.com/csr-activities">http://www.sadbhaveng.com/csr-activities</a>
2	The Composition of the CSR Committee	1. Mr. Vishnubhai M. Patel (Chairman & MD) 2. Mr. Vasistha C. Patel (Executive Director) 3. Mr. Mirat N. Bhadlawala (Independent Director) 4. Mr. Sandip A. Sheth (Independent Director)
3	Average net profit of the company for the last three financial years	₹ 112.42 crores
4	Prescribed CSR Expenditure (two per cent) of the amount as in item 3 above)	₹ 2.25 crores
5	Details of CSR spent during the financial year: 1. Total amount spent for the financial year: 2. Amount unspent, if any: 3. Manner in which the amount spent during the financial year	₹ 2.25 crores Nil As below

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

CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specified city of the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
<b>Following Activities at Gujarat University Main Campus &amp; Building, Ahmedabad</b>						
Renovation of Gujarat University Library	Promoting Education	Gujarat University Main Campus & Building, Ahmedabad	₹ 0.46 crores	Direct expenditure ₹ 0.46 crores	₹ 0.46 crores	Direct by Sadbhav Engineering Ltd.
Road Surfacing and Reconstruction of Road at campus	Promoting Education					
Cleaning and beautification of entire campus area	Conservation of natural resources and maintaining quality of soil, air and water					
To develop botanical garden	Conservation of natural resources and maintaining quality of soil, air and water					
<b>Following Activities at Insanpur Village</b>						
Renovation of Anganwadi, Kumarshala & Kanyashala	Slum area development	Insanpur Village, Gandhinagar (Gujarat)	₹ 2.03 crores	<ul style="list-style-type: none"> <li>Direct expenditure Rs 2.02 crores</li> <li>Indirect expenditure ₹ 0.01</li> </ul>	₹ 2.03 crores	Direct by Sadbhav Engineering Ltd.
Renovation of Ashram	Slum area development					
Construction of Toilet	Sanitation					
Development of Roads in Village	Slum area development					
Construction of Quarter in Hospital	Slum area development					

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

Sd/- Mr. Vishnubhai M. Patel Chairman of CSR Committee	Sd/- Mr. Vasistha C. Patel Executive Director
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## Annexure - 4

Statement of particulars of employees pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2016.

(a) Employees who are employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000/- or more per annum.

Name & Qualification	Age in Years	Designation	Date of Employment	Gross Remuneration p.a. (₹ in Lakhs)	Experience (No. of years)	Last Employment	% age of equity shares held by employee
Mr. Vishnubhai Mafatlal Patel Qualification : S.S.C.	75 Yrs.	Chairman & Managing Director	03-10-1988	180.00	48 Years	None	13.73
Mr. Shashin Vishnubhai Patel Qualification : MBA	35 Yrs.	Joint Managing Director	23-05-2000	60.00	16 years	None	3.21
Mr. Basavraj Gurappa Hooli* Qualification : BE (Civil)	59 Yrs.	Senior Vice President	04-12-2012	60.00	29 years	Ashoka Buildcon Ltd.	--
Mr. Col Kamal Prakash Sharma* Qualification : BE (Civil)	56 Yrs.	Chief Project Manager	19-04-2016	60.00	34 years	IL & FS Engineering Company Limited	--

(b) Employees who are employed part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month.

Name & Qualification	Age in Years	Designation	Date of Employment	Gross Remuneration p.a. (₹ in Lakhs)	Experience (No. of years)	Last Employment	% age of equity shares held by employee
Mr. P. K. Dosi*# Qualification : Civil Engineer (ME)	50 Yrs.	Director (Tech.)	01-08-2010	66.04	24 Years	PWD Rajasthan	0.03

### Notes :

1. Remuneration includes Salary, Contribution to Provident and other funds and perquisites (including medical, leave travel and leave encasement on payment basis and monetary value of taxable perquisites ) etc.
2. All the above said appointment are in the nature of contractual employment except marked\* 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.
4. # Mr. P. K. Dosi has resigned w.e.f. 5th January, 2016.



## Annexure - 5

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

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2015-16;

Name of the Directors	Designation	Remuneration of the directors (₹ in Lakhs)	Median remuneration of the employees (₹ in Lakhs)	Ratio of remuneration of the directors to the median remuneration of the employees
Mr. Vishnubhai M. Patel	Chairman & Managing Director	180.00	3.03	59:1
Mr. Shashin V. Patel	Joint Managing Director	60.00	3.03	20:1
Mr. Vasistha C. Patel	Executive Director	30.00	3.03	10:1
Mr. Vikram R. Patel	Executive Director	30.00	3.03	10:1
Mr. Nitin R. Patel	Executive Director	57.00	3.03	19:1

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

Name of the Directors, Chief Financial Officer, Chief Executive Officer, Company Secretary, Manager	Designation	Percentage increase in remuneration	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;
Mr. Vishnubhai M. Patel	Managing Director & Chief Executive Officer	Nil	Profit before Tax increased by 9.72% and profit after Tax increased by 17.56% in financial year 2015-2016
Mr. Shashin V. Patel	Joint Managing Director	Nil	
Mr. Vasistha C. Patel	Executive Director	Nil	
Mr. Vikram R. Patel	Executive Director	Nil	
Mr. Nitin R. Patel	Executive Director & Chief Financial Officer	(*27.05)	
Mr. Vijay J. Kalyani	Company Secretary	Details not comparable as Mr. Vijay Kalyani was resigned as Company Secretary w.e.f. 10th February, 2016	
Mr. Tushar Shah	Company Secretary	Details not comparable as Mr. Tushar Shah was appointed as Company Secretary w.e.f. 28th March, 2016	

\* Remuneration of Nitin R. Patel for the last year (2014-2015) includes the monetary value of taxable perquisites towards the stock options exercised under the ESOS Scheme.

**(iii) the percentage increase in the median remuneration of employees in the financial year 2015-2016;**

The median remuneration of employee in the financial year 2015-16 was ₹ 3.03 Lakhs (2.78 Lakhs in financial year 2014-15). There was increase of 8.99 % in median remuneration of employee.

**(iv) There were 938 employees on the rolls of company as on March 31, 2016.**

**(v) The explanation on the relationship between average increase in remuneration and company performance;**

The Average increase is based on the objectives of Remuneration Policy of the Company that is designed to attract, motivate and retain the employees who are the drivers of organisation success and helps the Company to retain its industry competitiveness. Pay mix is designed to reflect the performance and is aligned to the long term interested of the shareholders.

**(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;**

Total remuneration of Key Managerial Personnel decreased by 5.41% from ₹ 394.13 Lakhs in 2014-15 to ₹ 372.80 Lakhs in 2015-16 whereas profit before tax increased by 9.72% to ₹ 16003.10 Lakhs in 2015-16 (₹ 14585.02 Lakhs in 2014-15).

**(vii) Variation in the market capitalization of the company, price earning ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotation of the shares of the company in comparison to the rate at which the company came out with the last public offer;**

- a. Variations in the market capitalisation of the company (NSE) : The market capitalisation as on 31.03.2016 was ₹ 511171 Lakhs (₹ 571184 Lakhs as on March 31, 2015).
- b. Price earning ratio of the Company was 38.25 as at 31.03.2016 and 45.94 as at 31.03.2015.
- c. The Company has not come out with any Public offer hence percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer is not applicable.

**(viii) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year i.e. 2015-16 was 7.25 % whereas the increase in the managerial remuneration for the same financial year was 5.41%.**

**(ix) The key parameters for any variable component of remuneration availed by the directors;**

There are no variable components in remuneration package availed by the directors.

**(x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; - None**

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

## Annexure - 6

### Form No. AOC-2

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

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:-

Sr. No.	Name of the Related Party	Nature of relationship	Duration of the contracts / arrangements / transactions	Terms of the contracts or arrangements or transaction including the value (₹ in crores)	Date(s) of approval by the Board	Amount paid/ received as advances	Nature of transactions
1	Sadbhav Infrastructure Project Limited	Subsidiary Company	Facility is repayable by borrower on demand/call notice from lenders	₹ 1000.00 crores Facility used ₹ 594.50 crores	N.A.	NIL	Providing of Financial facilities as per MOU dated 20.12.2014
2	Sadbhav GKC Joint Venture	Joint Venture	Agreement shall expire when the project is fully completed	Contract Amount ₹ 678.78 crores Work already executed ₹ 375.45 crores Work to be executed ₹ 303.33 crores	N.A.	NIL	Joint Venture Agreement
3	Sadbhav Annapurna Joint Venture	Joint Venture	Fulfilment of all contractual obligation under the JVA	Contract Amount ₹ 408.46 crores Work already executed ₹ 55.19 crores Work to be executed ₹ 353.27 crores	N.A.	NIL	Joint Venture Agreement
4	Sadbhav Vishnushiva Joint Venture	Joint Venture	48 months from the date of Commencement of Works i.e. 21-05-2013	Contract Amount ₹ 393.74 crores Works already executed ₹ 56.71 crores Works to be executed ₹ 337.03 crores	N.A.	NIL	Joint Venture Agreement

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

For and on behalf of the Board of Directors

Sd/-

**Vishnubhai M. Patel**

Chairman & Managing Director

Place : Ahmedabad,  
Date : August 20, 2016

## Annexure - 7

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31/03/2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

i)	CIN	L45400GJ1988PLC011322
ii)	Registration Date	03/10/1988
iii)	Name of the Company	Sadbhav Engineering Limited
iv)	Category / Sub-Category of the Company	Company having Share Capital
v)	Address of the Registered office and contact details	"Sadbhav House", Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad - 380006, Gujarat Phone : 079-26463384
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. Reg. Off.: C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W) Mumbai - 400078

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the company
1	Construction & Maintenance Roads & Highway etc.	421	70%
2	Construction & Maintenance of Irrigation System (Canal)	422	17%
3	Site preparation for Mining including overburden removal and other development	431	13%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	CIN	Address of the Company	Holding/ Subsidiary/ Associates	% of Shares Held*	Applicable Section
1	Sadbhav Infrastructure Project Ltd.	U45202GJ2007PLC049808	"Sadbhav House" Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad-380006	Subsidiary	68.35	2(87)
2	Mysore-Bellary Highway Pvt. Ltd.	U45203GJ2014PTC078848	-----Do-----	Subsidiary	74	2(87)
3	Nagpur-Seoni Expressway Ltd.	U45203GJ2007PLC049963	-----Do-----	Step-down Subsidiary	100	2(87)
4	Ahmedabad Ring Road Infrastructure Ltd.	U45203GJ2006PLC048981	-----Do-----	Step-down Subsidiary	100	2(87)
5	Auranagabad-Jalna Tollway Ltd.	U45203GJ2007PLC049814	-----Do-----	Step-down Subsidiary	100	2(87)
6	Rohtak-Panipat Tollway Pvt. Ltd.	U45202GJ2010PTC059322	-----Do-----	Step-down Subsidiary	100	2(87)
7	Hyderabad-Yadgiri Tollway Pvt. Ltd.	U45203GJ2010PTC059262	-----Do-----	Step-down Subsidiary	100	2(87)
8	Bijapur-Hungund Tollway Pvt. Ltd.	U45203GJ2010PTC059669	-----Do-----	Step-down Subsidiary	77	2(87)
9	Maharashtra Border Check Post Network Ltd.	U45201GJ2009PLC056327	-----Do-----	Step-down Subsidiary	90	2(87)
10	Shreenathji-Udaipur Tollway Pvt. Ltd.	U45201GJ2012PTC069676	-----Do-----	Step-down Subsidiary	100	2(87)
11	Bhilwara-Rajsamand Tollway Pvt. Ltd.	U45203GJ2012PTC072902	-----Do-----	Step-down Subsidiary	100	2(87)
12	Rohtak-Hissar Tollway Pvt. Ltd.	U45203GJ2013PTC074446	-----Do-----	Step-down Subsidiary	100	2(87)
13	Dhule-Palesner Tollway Ltd.	U45203MH 2009PLC191222	Hincon House, 11th Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (W) Mumbai.	Step-down Subsidiary	100	2(87)

\* Representing aggregate % of shares held by the company and/or its subsidiaries.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian Individual / HUF	60256765	-	60256765	35.14	60370765	-	60370765	35.19	0.05
Central Govt State Govt (s) Bodies Corp.	16545275	-	16545275	9.65	16545275	-	16545275	9.65	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other (Trust)	3993840	-	3993840	2.33	3993840	-	3993840	2.33	-
<b>Sub-total (A) (1):-</b>	<b>80795880</b>	<b>-</b>	<b>80795880</b>	<b>47.11</b>	<b>80909880</b>	<b>-</b>	<b>80909880</b>	<b>47.17</b>	<b>0.06</b>
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>A = (A) (1) + (A) (2)</b>	<b>80795880</b>	<b>-</b>	<b>80795880</b>	<b>47.11</b>	<b>80909880</b>	<b>-</b>	<b>80909880</b>	<b>47.17</b>	<b>0.06</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	41676708	-	41676708	24.30	46184589	-	46184589	26.92	2.62
b) Banks / FI	71094	-	71094	0.04	32266	-	32266	0.02	-0.02
c) Central Govt / State Govt (s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) Foreign Institutional Investors	27347215	-	27347215	15.95	25665457	-	25665457	14.96	-0.99
g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h) Qualified foreign Investors	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	<b>69095017</b>	<b>-</b>	<b>69095017</b>	<b>40.29</b>	<b>71882312</b>		<b>71882312</b>	<b>41.91</b>	<b>1.62</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp. i) Indian ii) Overseas	16259130	-	16259130	9.48	14361887	-	14361887	8.37	-1.11
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3719756 766000	630 -	3720386 766000	2.17 0.45	3314922 170000	645 -	3315567 170000	1.93 0.09	-0.24 -0.36

c) Others (specify Clearing Members)	209250	-	209250	0.12	127794	-	127794	0.07	-0.05
NRI	102748	-	102748	0.06	120472	-	120472	0.07	0.01
NRI (Non Repatriable)	552389	-	552389	0.32	368664	-	368664	0.21	0.11
Trust	-	-	-	-	3000	-	3000	0.00	-
HUF	-	-	-	-	253384	-	253384	0.15	0.15
Independent Directors and their Relatives	-	-	-	-	20840	-	20840	0.01	0.01
<b>Sub-total (B) (2):-</b>	21609273	630	21609903	12.60	18740963	645	18741608	10.91	-1.69
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	90704290	630	90704920	52.89	90623275	645	90623920	52.83	-0.06
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	171500170	630	171500800	100	171533155	645	171533800	100	-

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Vishnubhai M. Patel	23429220	13.66	3.29	23543220	13.72	4.47	0.06
2	Shantaben V. Patel	14715375	8.58	-	14715375	8.58	-	-
3	Girish N. Patel	675500	0.39	-	675500	0.39	-	-
4	Shashin V. Patel	5499720	3.21	-	5499720	3.21	-	-
5	Vikram R. Patel	4608750	2.69	0.53	4608750	2.69	0.78	-
6	Vasistha C. Patel	3202150	1.87	0.53	3202150	1.87	0.96	-
7	Tosha Arpit Patel	-	-	-	-	-	-	-
8	Vishnubhai M. Patel - HUF	4581700	2.67	-	4581700	2.67	-	-
9	Santokba Trust	3993840	2.33	-	3993840	2.33	-	-
10	Sadbhav Finstock Pvt. Ltd.	16545275	9.65	9.65	16545275	9.65	9.65	-
11	Vipul H. Patel	166850	0.10	-	166850	0.10	-	-
12	Rekhaben Vishnubhai Patel	675500	0.39	-	675500	0.39	-	-
13	Trutiben Vishnubhai Patel	675500	0.39	-	675500	0.39	-	-
14	Bhavna Vikramkumar Patel	675500	0.39	-	675500	0.39	-	-
15	Alpa Dharmin Patel	675500	0.39	-	675500	0.39	-	-
16	Rajeshreeben Vishnubhai Patel	675500	0.39	-	675500	0.39	-	-
	<b>Total</b>	80795880	47.11	13.99	809098800	47.17	15.85	0.06

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sr. No.	Name of the Promoters / Promoters Group	Shareholding at the beginning of the year		increase / decrease during the year	Date wise increase / decrease	Reason for increase / decrease	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	Mr. Vishnubhai M. Patel	23429220	13.66	74000	26.02.2016	On market purchase	23503220	13.70
2	Mr. Vishnubhai M. Patel	23503220	13.70	20000	29.02.2016	On market purchase	23523220	13.71
3	Mr. Vishnubhai M. Patel	23523220	13.71	20000	03.03.2016	On market purchase	23543220	13.72
	At the End of the year						23543220	13.72

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of shares	% of total shares of the company
1	ICICI Prudential value Discovery Fund	9206885	5.37	-	55	9206830	5.37
2	ICICI Prudential Life Insurance Company Ltd.	8293425	4.84	-	319900	7973525	4.65
3	Nomura India Investment Fund Mother Fund	5229243	3.05	221579	-	5450822	3.18
4	HDFC Trustee Company Limited-MID - CAPOPPORTUNITIES FUND	4472434	2.61	-	-	4472434	2.61
5	HDFC Trustee Company Limited-HDFC Tax Saver Fund	3914010	2.28	-	150000	3764010	2.19
6	TATA Balanced Fund	2500000	1.46	-	-	2500000	1.46
7	Abu Dhabi Investment Authority-Behave	2452038	1.43	-	223000	2229038	1.30
8	Eastspring Investments India Infrastructure Equity Open Limited	3023336	1.76	-	855425	2167911	1.26
9	HDFC Trustee Company Limited HDFC Equity Fund	2003000	1.17	-	-	2003000	1.17
10	Kotak Mahindra (UK) Ltd. a/c India Midcap (Mauritius) Ltd.	2004050	1.17	-	7221	1996829	1.16

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of shares	% of total shares of the company
1	Mr. Vishnubhai M. Patel	23429220	13.66	114000	-	23543220	13.72
2	Mr. Shashin V. Patel	5499720	3.21	-	-	5499720	3.21
3	Mr. Vikram R. Patel	4608750	2.69	-	-	4608750	2.69
4	Mr. Vasistha C. Patel	3202150	1.87	-	-	3202150	1.87
5	Mr. Nitin R. Patel	101	-	-	-	101	-
6	Mr. Sandip V. Patel	10000	0.006	-	---	10000	0.006
7	Mr. Atul N. Ruparel	10000	0.006	-	-	10000	0.006
8	Mr. Arun S. Patel	-	-	-	-	-	-
9	Mr. Mirat N. Bhadlawala	-	-	-	-	-	-
10	Mr. Sandip A. Sheth	-	-	-	-	-	-
11	Mrs. Purvi S. Parikh	-	-	-	-	-	-
12	Mr. Vijay J. Kalyani (up to 10.02.2016)	-	-	-	-	-	-
13	Mr. Tushar D. Shah (From 28.03.2016)	-	-	-	-	-	-

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01-04-2015</b>				
i) Principal Amount	100624.29	9011.49	-	109635.78
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	748.72	39.04	-	787.76
<b>Total ( i + ii + iii )</b>	<b>101373.01</b>	<b>9050.53</b>	<b>-</b>	<b>110423.54</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	12794.33	16434.94	-	29229.27
• Reduction	16586.43	710.92	-	17297.34
<b>Net Change</b>	<b>(3792.10)</b>	<b>15724.02</b>	<b>-</b>	<b>11931.93</b>
<b>Indebtedness at the end of the financial year 31-03-2016</b>				
Principal Amount	96227.21	24639.70	-	120866.91
i) Interest due but not paid	-	-	-	-
ii) Interest accrued but	1353.71	134.86	-	1488.56
<b>Total ( i + ii + iii )</b>	<b>97580.91</b>	<b>24774.56</b>	<b>-</b>	<b>122355.47</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		Vishnubhai M. Patel	Shashin V. Patel	Vasistha C. Patel	Nitin R. Patel	Vikram R. Patel	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) In- come-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income - tax Act, 1961	180.00	60.00	30.00	57.00	30.00	357.00
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	<b>Total (A)</b>	<b>180.00</b>	<b>60.00</b>	<b>30.00</b>	<b>57.00</b>	<b>30.00</b>	<b>357.00</b>
	Ceiling as per the Act	₹ 1653.70. (being 10% of the net profit of ₹ 16537 lakhs of the Company calculated as per Section 198 of the Companies Act, 2013)					

B. Remuneration to other directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Sandip V. Patel	Atul N. Ruparel	Arun S. Patel	Mirat N. Bhadlawala	Sandip A. Sheth	Purvi S. Parikh	Total
1	<b>Independent Directors</b> Fee for attending board committee meeting	0.75	0.75	0.75	0.60	0.45	0.60	3.90
2	<b>Other Non-Executive Directors</b> Fee for attending board committee meetings Commission Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.60</b>	<b>0.45</b>	<b>0.60</b>	<b>3.90</b>
	Total Managerial Remuneration							360.90
	Overall Ceiling as per the Act	11% of the net profit of the company						

\* Total Remuneration of Managing Directors, Whole-time Directors and other Directors (Total of A+B)



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		*CEO (Mr. Vishnubhai M. Patel)	Company Secretary (Mr. Tushar Shah)	*CFO (Mr. Nitin R. Patel)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	0.17	-	0.17
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	0.17	-	0.17

\* Mr. Vishnubhai M. Patel is Managing Director and CEO of the Company. Details of his remuneration has already been given under clause A-Remuneration to Managing Director, Whole-time Director etc.

\* Mr. Tushar Shah has been appointed as Company Secretary w.e.f. 28.03.2016.

\* Mr. Nitin R. Patel is Whole-time Director. Details of his remuneration has already been given under clause A-Remuneration to Managing Director, Whole-time Director etc.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES FOR F.Y. 2015-2016: NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
<b>COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>DIRECTORS (MANAGING DIRECTOR AND WHOLE-TIME DIRECTOR)</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL				
<b>OTHER OFFICERS IN DEFAULT (COMPANY SECRETARY)</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL				

# Report on Corporate Governance

## Company's Philosophy on Corporate Governance

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

The Company is committed to achieve the good standards of Corporate Governance on a continuous basis by laying emphasis on ethical corporate citizenship and establishment of good corporate cultures which aim at a true Corporate Governance. In so far as compliance with the requirement of Regulation 27 of SEBI (LODR) Regulations, 2015, 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 11 (Eleven) 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	Chairman & Managing Director	Promoter, Executive Director	7	3	-
Mr. Shashin V. Patel	Joint Managing Director	Executive Director	6	1	-
Mr. Nitin R. Patel	Executive Director	Executive Director	6	5	1
Mr. Vikram R. Patel	Executive Director	Executive Director	2	-	-
Mr. Vasistha C. Patel	Executive Director	Executive Director	8	4	-
Mr. Sandip V. Patel	Director	Independent, Non-Executive Director	2	1	1
Mr. Atul N. Ruparel	Director	Independent, Non-Executive Director	7	2	4
Mr. Arun S .Patel	Director	Independent, Non-Executive Director	9	7	3
Mr. Sandip A. Sheth	Director	Independent, Non-Executive Director	-	-	-
Mr. Mirat N. Bhadlawala	Director	Independent, Non-Executive Director	9	4	3
Mrs. Purvi S. Parikh	Director	Independent, Non-Executive Director	1	-	1

**Relationship between directors inter se:-** Mr. Shashin Patel is the son of Mr. Vishnubhai Patel. Mr. Vasistha Patel & Mr. Vikram R. Patel are the son-in-laws of Mr. Vishnubhai Patel. Except this, none of the directors are related to any other Board Member in terms of definition of 'relative' as per Companies Act, 2013.

## Board Meeting and Attendance

The Board meets at least once in a quarter and the maximum time gap between any two meetings is not more than four months. During the year 2015-2016, 5 (Five) Board Meetings were held on 30/05/2015, 10/08/2015, 04/11/2015, 06/02/2015 & 28/03/2016.

#### 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. Nitin R. Patel	5	Yes
Mr. Shashin V. Patel	5	Yes
Mr. Vikram R. Patel	4	–
Mr. Vasistha C. Patel	3	Yes
Mr. Sandip V. Patel	5	Yes
Mr. Atul N. Ruparel	5	Yes
Mr. Arun S. Patel	5	Yes
Mr. Sandip A. Sheth	3	–
Mr. Mirat N. Bhadlawala	4	Yes
Mrs. Purvi S. Parikh	4	Yes

#### Evaluation of Board Performance

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

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

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

#### Separate Meeting of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015 Regulations, a separate meeting of the Independent Directors of the Company was held on 28th March, 2016 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board.

#### Familiarisation Programmes for Independent Directors

Your company has conducted the familiarization programme for Independent Directors of the Company on 28th March, 2016. The programme was designed to familiar the directors with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. Detailed presentations on the Company's business segments were made at the separate meetings of the Independent Directors held during the year.

The details of Familiarization Programme for Independent Directors are available on the Company's website at <http://www.sadbhaveng.com/familiarization-programme-for-independent-directors>

#### Committees of the Board

##### Audit Committee

The composition of Audit Committee as on March 31, 2016 was as under:

Mr. Sandip V. Patel	Chairman
Mr. Nitin R. Patel	Member
Mr. Atul N. Ruparel	Member
Mr. Arun S. Patel	Member

The terms of reference stipulated by the Board to the Audit Committee are as contained in Section 177 of the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015.

During the year 2015-2016, Four meetings of the Audit Committee were held on May 30, 2015, August 10, 2015, November 04, 2015 and February 06, 2016.

#### Attendance at Audit Committee meetings

Name of Director	Meetings attended
Mr. Sandip V. Patel	4
Mr. Nitin R. Patel	4
Mr. Atul N. Ruparel	4
Mr. Arun S. Patel	4

#### Nomination and Remuneration Committee

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

The composition of Nomination and Remuneration Committee as on March 31, 2016 was as under:

Mr. Atul N. Ruparel	Chairman
Mr. Sandip V. Patel	Member
Mr. Arun S. Patel	Member
Mr. Sandip A. Sheth	Member

The terms of reference stipulated by the Board to the Nomination and Remuneration Committee are as contained in Section 178 of the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015.

During the year 2015-2016, Four meetings of Committee were held on May 30, 2015, August 28, 2015, November 04, 2015, and March 28, 2016.

#### Attendance at Nomination and Remuneration Committee meetings

Name of Director	Meetings attended
Mr. Atul N. Ruparel	4
Mr. Sandip V. Patel	4
Mr. Arun S. Patel	4
Mr. Sandip A. Sheth	3

#### Policy for Appointment and Remuneration

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

It contains followings :

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

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

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

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

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

**(c) Independence of Directors**

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

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

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

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

The board of directors expressed their satisfaction with the evaluation process.

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

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

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

- The Nomination and Remuneration Committee has recommended to the Board a policy, relating to the remuneration for the directors, key managerial personnel and Senior Management which contains following:

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

#### Details of the remuneration paid during the year 2015-16 and other terms of appointment of Directors.

Name of Directors	Salary (₹ in Lacs)	Sitting Fees (₹ in Lacs)	Terms of Appointment	No. of equity shares held as on 31st March, 2016	No. of outstanding Stock options
Mr. Vishnubhai M. Patel	180.00	-	3 years from July 1, 2014	23543220	-
Mr. Nitin R. Patel	57.00	-	3 years from July 1, 2014	101	-
Mr. Shashin V. Patel	60.00	-	3 years from July 1, 2014	5499720	-
Mr. Vikram R. Patel	30.00	-	5 years from October 01, 2012	4608750	-
Mr. Vasistha C. Patel	30.00	-	5 years from October 01, 2012	3202150	-
Mr. Sandip V. Patel	-	0.75		10000	-
Mr. Atul N. Ruparel	-	0.75		10000	-
Mr. Arun S. Patel	-	0.75		-	-
Mr. Sandip A. Sheth	-	0.45		-	-
Mr. Mirat N. Bhadlawala	-	0.60		-	-
Mrs. Purvi S. Parikh	-	0.60		-	-

The Directors were not paid any allowance, benefits, stock options or perquisites in the year 2015-16. There are no performance linked bonus payable to the Directors.

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

#### Stakeholders Relationship Committee

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

The composition of Stakeholders' Relationship Committee as on March 31, 2016 was as under:

Mr. Mirat N. Bhadlawala	Chairman
Mr. Sandip V. Patel	Member
Mr. Nitin R. Patel	Member
Mr. Vasistha C. Patel	Member

The terms of reference stipulated by the Board to the Stakeholders Relationship Committee are as contained in Section 178 of the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015.

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. Ltd. and recommends measures for overall

improvement in the quality of the investor services. The Board of Directors of the company have delegated the powers of approving transfer of securities to Company's Registrar under the supervision and control of the Company Secretary, subject to placing of a summary statement of transfer/transmission, etc. of securities of the company at meeting of the said committee. In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has approved the code of conduct for prevention of Insider Trading and authorized the committee to implement and monitor the various requirements as set out in the Code.

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

The total number of complaints received and resolved to the satisfaction of the shareholders during the year under review was Nil. No complaints were pending as on March 31, 2016.

During the year 2015-2016, Five meetings of Committee were held on May 30, 2015, August 10, 2015, November 04, 2015, February 06, 2016 and March 15, 2016 in which following members were present.

Name of Director	Meetings attended
Mr. Mirat N. Bhadlawala	5
Mr. Sandip V. Patel	5
Mr. Nitin R. Patel	5
Mr. Vasistha C. Patel	3

### Other Committees

#### Finance and Investment Committee

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

#### Corporate Social Responsibility (CSR) Committee

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013. The Committee comprising of Mr. Vishnubhai M. Patel as a Chairman and Mr. Vasistha C. Patel, Mr. Mirat N. Bhadlawala and Mr. Sandip A. Sheth as a members of the Committee. During the year 2015-2016, Two meeting of Committee were held on May 30, 2015 and March 28, 2016.

### General Body Meetings

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

Financial Year	Date	Time	Venue
2012-13	September 30, 2013	11.00 a.m.	Lions Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006
2013-14	September 26, 2014	3.00 p.m.	Lions Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006
2014-15	September 29, 2015	11.00 a.m.	Lions 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 30, 2013	<ul style="list-style-type: none"> <li>• Nil</li> </ul>
September 26, 2014	<ul style="list-style-type: none"> <li>• Appointment of Mr. Atul N. Ruparel as an Independent Director of the Company</li> <li>• Appointment of Mr. Sandip V. Patel as an Independent Director of the Company</li> <li>• Re-Appointment of Mr. Vishnubhai M. Patel as a Managing Director and Chief Executive officer of the Company</li> <li>• Re-Appointment of Mr. Shashin V. Patel as a Joint Managing Director of the Company</li> <li>• Re-Appointment of Mr. Nitin R. Patel as a Whole-time Director designated as Executive Director of the Company</li> <li>• Increase in borrowing limit of the company</li> <li>• Create mortgage/Charge on the assets of the company</li> <li>• Issue of Secured/Unsecured Non-Convertible Debentures and/or other Debt Securities on private placement basis</li> <li>• Adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013</li> </ul>
September 29, 2015	<ul style="list-style-type: none"> <li>• Issue of Secured/ Unsecured Non-convertible Debentures and/or other Debt Securities on private placement basis</li> <li>• Authorize Board of Directors to make investment on behalf of the Company</li> <li>• Approve Related Party Transactions</li> </ul>

No resolution was passed through Postal Ballot during 2015-16 and during the year 2016-17 company has proposed ordinary resolution to approve & ratify the Related Party Transaction by way of Postal Ballot.

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

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

Sr. No.	Particulars	Number of Shareholders	Number of Equity Shares
i	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	3	1050
ii	Number of shareholders who approached issuer for transfer of shares from suspense account during the year.	Nil	Nil
iii	Number of shareholders to whom shares were transferred from suspense account during the year.	Nil	Nil
iv	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	3	1050
v	The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

#### 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.

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.

#### Whistle Blower Policy

The Company has established a vigil mechanism called 'Whistle Blower Policy', for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.

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

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

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

By Post: Chairman of Audit Committee.

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

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

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

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

#### 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 Regulation 34(3)(B) of SEBI (LODR) Regulations, 2015.

##### 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 -

(a) Financial Statements, in particular the investment made by the subsidiary companies are reviewed quarterly by the Audit Committee of the Company.

- (b) All the minutes of the meeting of unlisted subsidiary companies are placed before the Company's Board regularly.
- (c) A statement containing all significant transactions and arrangements entered in to by the unlisted subsidiary companies is placed before the Company's Board.

Pursuant to provisions of Regulation 27 of SEBI (LODR) Regulations, 2015, The policy on Material Subsidiaries as approved by the Board is uploaded on the Company's website at the web link ([http://www.sadbhaveng.com/wpcontent/uploads/2014/11/MATERIAL\\_SUBSIDIARY.pdf](http://www.sadbhaveng.com/wpcontent/uploads/2014/11/MATERIAL_SUBSIDIARY.pdf))

#### **Disclosure of Related Party Transactions**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms' length pricing basis. The transactions with related parties are disclosed in notes to the accounts (Note No. 2.35). The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the web link ([http://www.sadbhaveng.com/wp-content/uploads/2014/11/RELATED\\_PARTY\\_TRANSACTIONS1.pdf](http://www.sadbhaveng.com/wp-content/uploads/2014/11/RELATED_PARTY_TRANSACTIONS1.pdf))

#### **Disclosure of Accounting Treatment**

In preparation of financial statements, the Company has followed the Accounting Standards specified under Section 133 of the Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

#### **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.

#### **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/CFO Certificate**

The Chief Executive Officer and Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 27 of SEBI (LODR) Regulations, 2015. The Chief Executive Officer and Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (LODR) Regulations, 2015.

#### **Means of Communication**

- The quarterly financial results are sent to the Stock Exchanges immediately after the Board's approval. During the Financial Year 2015-16, Company has published its quarterly results as under

<b>Quarter</b>	<b>News Papers</b>
Q1	Economic Times (English & Gujarati)
Q2	Economic Times (English & Gujarati)
Q3	Economic Times (English & Gujarati)
Q4	Economic Times (English & Gujarati)

- Company has its own website [www.sadbhaveng.com](http://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.
- The Company also submits electronically various compliances reports, public statements etc. periodically in accordance with the SEBI (LODR) Regulations, 2015.

#### **General Shareholders Information**

##### **1. Annual General Meeting**

**Date and Time** : September 28, 2016 at 03.00 p.m.  
**Venue** : Lions Hall, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006.

**2. Financial Calendar** : April 1, 2015 to March 31, 2016

**3. Book Closure date** : September 17, 2016 to September 28, 2016 (both days inclusive) for payment of dividend.

**4. Dividend payment date** : On and after 28th September, 2016 but within the statutory time of 30 days from the date of declaration by shareholders.



## 5. Stock Code

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

## 6. Listing on Stock Exchanges

### A. Equity Shares :

Name of the Stock Exchange	Address
BSE Limited	Floor 25, P. J. Towers, Dalal Street, Mumbai - 400 001.
The National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051.

### B. Debt Securities (Debentures)

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

INE226H07023 - NCDS of ₹ 100 Lakh each
INE226H07031 - NCDS of ₹ 100 Lakh each
INE226H07049 - NCDS of ₹ 10 Lakh each
INE226H07056 - NCDS of ₹ 10 Lakh each
INE226H07064 - NCDS of ₹ 10 Lakh each

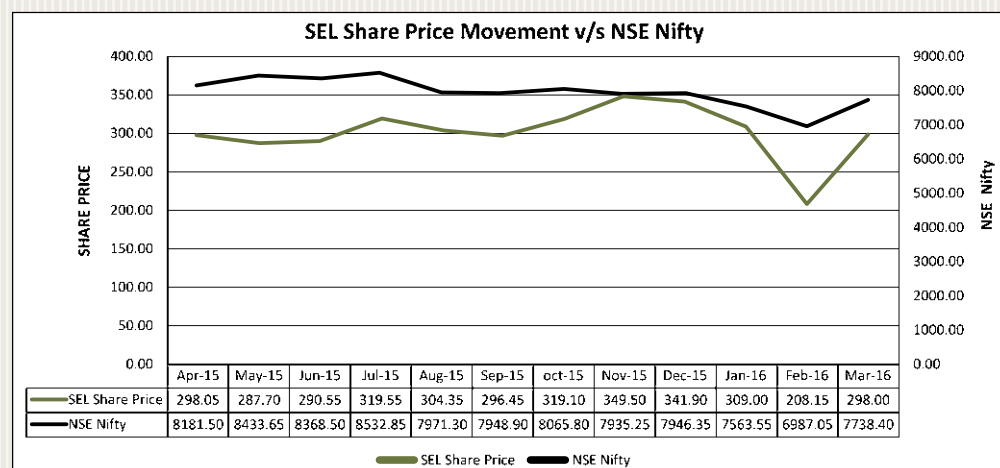
Debenture Trustees : IDBI Trusteeship Services Limited

Asian Bldg., Ground Floor, 17, R. Kamani Marg, Ballard Estate, MUMBAI - 400 001.

Note: Annual listing fees for the year 2015-16 have been paid to the BSE and NSE.

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

Month	Share price at BSE amount in ₹		BSE Sensex		Share price at NSE amount in ₹		NSE (NIFTY)	
	High	Low	High	Low	High	Low	High	Low
Apr-15	372.25	273.00	29094.61	26897.54	373.00	272.50	8844.80	8144.75
May-15	307.00	265.05	28071.16	26423.99	307.75	264.05	8489.55	7997.15
Jun-15	304.80	272.00	27968.75	26307.07	305.20	272.00	8467.15	7940.30
Jul-15	327.00	284.65	28578.33	27416.39	327.95	284.00	8654.75	8315.40
Aug-15	353.80	266.75	28417.59	25298.42	352.55	283.00	8621.55	7667.25
Sep-15	301.00	268.85	26471.82	24833.54	304.95	265.15	8055.00	7539.50
Oct-15	324.30	289.85	27618.14	26168.71	324.75	290.80	8336.30	7930.65
Nov-15	355.70	295.10	26824.30	25451.42	356.20	294.60	8116.10	7714.15
Dec-15	369.95	312.60	26256.42	24867.73	370.00	314.00	7979.30	7551.05
Jan-16	347.00	271.00	26197.27	23839.76	348.00	269.35	7972.55	7241.50
Feb-16	314.50	198.45	25002.32	22494.61	316.00	197.15	7600.45	6825.80
Mar-16	296.30	212.00	25479.62	23133.18	300.00	212.30	7777.60	7035.10



**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. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (LODR) Regulations, 2015 and files a copy of the said certificate with the Stock Exchanges.

**10. Shareholding as on March 31, 2016**

a. Distribution of shareholding as on March 31, 2016

No. of shares	No. of shareholders	% to total	No of shares held	% to total
1 - 500	10554	89.16	1356600	0.79
501 - 1000	539	4.55	417710	0.24
1001 - 2000	262	2.21	384015	0.22
2001 - 3000	102	0.86	258217	0.15
3001 - 4000	36	0.30	130782	0.08
4001 - 5000	39	0.33	182708	0.10
5001 - 10000	78	0.66	571503	0.33
Above 10000	227	1.91	16823265	98.08
<b>Total</b>	<b>11837</b>	<b>100.00</b>	<b>171533800</b>	<b>100.00</b>

b. Categories of shareholders as on March 31, 2016

Category	No. of shares	% to total
Promoters	80909880	47.17
Mutual Fund	46184589	26.92
Banks, Financial Institutions, Insurance Companies	32266	0.01
FII	15605620	9.09
Other Private Corporate Bodies	14361887	8.37
Indian Public	3869745	2.25
NRI / OCB	489136	0.28
Foreign Portfolio Investor (Corporate)	10059837	5.86
Independent Directors and their Relatives	20840	0.12
<b>Total</b>	<b>171533800</b>	<b>100.00</b>

**11. Dematerialization of shares and liquidity**

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

**12. Transfer of unclaimed dividend amount for the financial year 2007-2008 to Investor Education and Protection Fund**

During the year under review, the Company has credited ₹ 0.25 lakhs amount being unclaimed dividend for the year 2007-08 to the Investor Education and Protection Fund (IEPF) pursuant to Section 205A(5) of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

**13. SEBI Complaints Redress System (SCORES)**

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

**14. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversions, conversion date and likely impact on equity:**

As at March 31, 2016, 37,000 stock options, granted under Sadbhav Employee Stock Option Scheme 2008 ("ESOS Scheme 2008") are outstanding.

The Company has no other outstanding GDRs /ADRs as on 31st March, 2016.

#### 15. Foreign Exchange Risk and Hedging Activities

The details of foreign exchange exposures as on 31st March, 2016 are disclosed in Note no. 1(k) & 1(u) of the Significant Accounting Policies to the standalone financial statements.

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

17. **Address for Correspondence** : "Sadbhav", Nr. Havmor Restaurant, B/h. Navrangpura Bus Stand,  
Navrangpura, Ahmedabad - 380 009  
Phone : 079-40400400, Fax : 079-40400444

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#### DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

In accordance with Regulation 17 (5) of the Listing Regulations, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2016.

**For Sadbhav Engineering Limited**

Place : Ahmedabad,  
Date : April 27, 2016

**Vishnubhai M. Patel**  
Chairman & Managing Director

### ***Auditors' Compliance Certificate on Corporate Governance***

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

We have examined the compliance of conditions of Corporate Governance by **SADBHAV ENGINEERING LIMITED** for the year ended March 31, 2016 as stipulated regulations Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. 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 for the year under the review as stipulated in Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 has conducted the affairs of the Company.

**For, Surana Maloo & Co.**  
Chartered Accountants  
Firm Reg. No. 112171W

Place : Ahmedabad  
Date : August 20, 2016

**S. D. Patel**  
PARTNER  
Membership No. 37671

# Management Discussion & Analysis

Sadbhav Engineering Limited presents its report for the financial year 2015 – 16 based on the foundation of present overview of the world economic standing, political situation and sector specific developments in India. It also includes projections in accordance with the current scenario of economy of India.

## 1. ECONOMIC

Global Economic Prospects: Divergence and Risks, a report by The World Bank has revised its 2016 global growth forecast down to 2.4%. The move is a result of the sluggish growth in advanced economies, weak global trade, and diminishing capital flows. In an environment of weak growth and eroding policy buffers, structural reforms have become even more urgent. This fulcrum now calls for global economic activity to identify a broad pick-up in growth in many major regions, both in the advanced economies and the emerging markets. The latest estimate shows global activity expanding at an annualised rate of 4.1%, a marked improvement compared to the low point of 2.2% recorded in March, 2016. The synchronised nature of this improvement in growth is notable. Not only have the risks of a global recession in the forthcoming months plummeted sharply, there are now some early indications that the world economy could be moving into a period of above trend expansion for the first time, since early 2015. If this improvement continues, it might suggest that the global economy is achieving an 'escape velocity', in which the recovery becomes self-propelled, without the need of repeated doses of monetary and fiscal policy support to prevent a renewed slowdown.

## 2. INDUSTRY SYNOPSIS

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). Its Gross Domestic Product (GDP) rose at an annual rate of 7.9% in Q1 2016 compared to 7.5% in the same quarter last year. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. Foreign direct investment (FDI) in India has increased by 29% post the launch of Make in India campaign. These steps taken by the government in recent times have shown positive results as India's GDP at factor cost at constant (2011-12) prices 2015-16 is US\$ 1.668 trillion, as against US\$ 1.55 trillion in 2014-15, registering a growth rate of 7.6%. India exhibited the potentiality to grow at 8% on an average between the fiscal bracket of 2016 to 2020, powered by greater access to banking, technology adoption, urbanisation and other structural reforms.

## 3. OPPORTUNITIES & STRENGTHS

### Roads and Highways

As India forays into crossing national boundaries via road connectivity, the sector is highly responsible for propelling India's overall development. It enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Therefore, an announcement of by the government targeted US\$ 376.53 billion investment in infrastructure over a period of three years, which will include US\$ 120.49 billion for developing 27 industrial clusters and an additional US\$ 75.30 billion for road, railway and port connectivity projects. India is witnessing significant interest from international investors in the infrastructure space to develop smart cities. Heralding the aggressive approach to building infrastructure needed to unlock faster economic growth, Government of India plans to use the new hybrid-annuity model for allocating contracts under the Public Private Partnership (PPP) projects in highways which will help overcome the challenges faced by private developers in the Build-Operate-Transfer (BOT) Toll and BOT-Annuity models. We, at Sadbhav Engineering Limited, are pre-qualified to bid for DBFOT projects upto ₹ 3,400 crores and upto ₹ 1,494.5 crores for EPC projects. Therefore, we are keeping up with the boost in the particular sector and thus our order book as on 31st March, 2016 have 22 projects all over India out of which 19 are transport EPC contracts and 3 are transport BOT contracts.

### Irrigation

Recognising the importance of irrigation as a crucial input in India's agricultural development, harnessing of water resources for irrigation has been given an important place in our successive five-year Plans (FYP). For the 12th Plan (2012-17), a growth target of 4 percent has been set. With net irrigated area of 65.3 million ha, the sector also rebounded to the growth zone, as against a contraction in previous year, although the rate of expansion was low at 1.2% in 2015-16. A slew of measures, for example, 2.85 million ha to be brought under irrigation, has been taken. The Government of India recognised the importance of micro-irrigation development, thus, allocating a sum of US\$ 777.6 million. It has also urged individual states to focus on this key sector. These agreements could help enhance bilateral trade as well. Given the correlation between improvement in irrigation and the development of the country, the Government of India adopted several initiatives and programmes to ensure continuous growth. Therefore, for this sector, we have a total of 20 on-going and new projects, wherein we have various construction of CM and CD works, hydraulic preparation, excavation, investigation, earthwork construction, canal build up, etc. that are structured. Our irrigation projects are with a balance work order of ₹ 1,441.9 crores as on March 31, 2016, this translates to 2.7x of FY16 revenue.

### Mining

With the Indian economy expected to grow by approximately 7% in the years to come, sectors such as mining will receive a renewed thrust, which would further generate demand for ores such as lignite and uranium. The mining industry of India has recorded a strong expansion of US\$ 305.5 billion in 2015. This segment recorded a growth of 7.4% in FY2016, down from 10.8% in the previous fiscal. The Government of India has allowed a 100% Foreign Direct Investment (FDI) in the mining sector under the automatic route. It has also approved MMDR Bill (2011) to provide better legislative environment for investment and technology. Also, India's strategic location enables convenient exports to prosper as well as the fast-developing Asian markets. Therefore, Sadbhav

Engineering Limited has 11 projects with activities ranging from removal of overburden, hiring HEMM for removal, excavation and transportation, to extraction of ores like coal, lignite and uranium. It also focuses on hiring earthmoving equipment and trained manpower for the same. With a balance work order of ₹ 1,974.7 crores, our mining projects translate to 4.7x of FY16's mining revenue as on 31st March 2016.

#### 4. OUTLOOK

Structurally advantages such as relatively benign commodity prices, liquidity conditions globally as well as 'Make in India' initiative, a broad-based policy which actions in enhancing human capital, access to inputs and finance, and better connectivity, sets eye at keeping India's growth above its peers. The Indian economy has consolidated the gains achieved in restoring macroeconomic stability from the beginning of last fiscal year (FY2015). Even though the inflation has continued to moderate steadily, the consumer price inflation (measured by the CPI-NS) has declined from 5.4% in February 2015 to 5% in October 2015. In a report by UN ESCAP titled, 'Economic and Social Survey of Asia and the Pacific 2015, the growth is forecast to accelerate to 8.1 percent in 2015 and 8.2 percent in 2016, benefiting from the acceleration of infrastructure projects and social expenditure, strong consumer spending due to lower inflation and monetary easing and gradual improvements in market sentiments. We, at Sadbhav Engineering Limited, are in coordination with this government policing and industry predictions so as to showcase promising results in the field of expertise on roads and highways, irrigation and mining.

#### 5. RISKS & ITS MITIGATION

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

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

- (1) The successful completion of projects partially depends on performance of our joint-venture partners and/or sub-contractors. Before entering into any such agreement, we thoroughly analyse their credentials and track records of association with us. We always insist to have a performance guarantee and quality assurance from our collaborators.
- (2) Various situations such as, cost overrun of projects due to problems of land acquisitions, removal of encroachment, complying with environmental standard, penalty for delay in completion of the project in time, insurance coverage, etc., may not adequately protect us against possible risk of loss. Therefore, we elaborately plan to execute all our projects before the scheduled time. At our disposal, we have contractor's all risk insurance policy and workmen's compensation policies as a precautionary measure. We also take Advance Loss of Profit (ALOP) Policy for each project. We always appoint Insurance Consultant / Professional to assess all at stake.
- (3) Since there is no provision for cost escalation of raw materials for BOT projects, the estimates of increase are made at the time of bidding. Our considerable experience in the, enables us to keep the associated risks to a minimum.
- (4) With respect to risk of shortage in supply of raw materials, we ensure continuous supply of raw-materials by entering long term arrangement with our suppliers for every project.
- (5) Non-maintenance / break-down of equipment pose a major risk towards the non-execution of projects. Therefore, our team of technical experts regularly overhaul and repair the machines, thereby minimising the chances of any break-down. At each project site, mechanical divisions are set up, wherein the regular maintenance and interim repairs are undertaken.
- (6) Mishandling of machines and equipments can result in being a liability. We have training programmes for handling the sophisticated equipment and machinery used at our project sites. We have taken insurance coverage for any mishap claims that may arise under the Workman's Compensation Act.
- (7) Any negligence in employees' health, safety and regulatory measures can affect our performance. We, therefore, take the required precautionary measures for the same. In case of mining projects, we are required to provide a proper medical certification under the Medical Certificate Form 'O' as prescribed by DGMS. All employees are, thereby, sufficiently covered by Workman Compensation Insurance. We provide the employees with equipments such as helmets, boots, etc. so as to ensure their safety while working at project sites.
- (8) As a broad organization, we have strong systems to ensure minimal dependence on any individual. Our operations may suffer a temporary setback if any of our key managerial personnel were to leave. Therefore, successful completion of projects is ensured by properly planning the delegation of work in a team.
- (9) Our business needs substantial working capital and financing in the form of debt and/or equity to meet our requirements. Therefore, Sadbhav use a mix of debt and equity to finance its fund requirements. Over the years we have built a healthy relationship with our lenders which consolidate the difficulty in the process of obtaining debt for our business needs.

**External Risks:** Risks that arise out of changes in the external environment are classified under this head. These are mostly outside our control for example changes in interest rates, exchange rates, etc. Our endeavour has always been in taking proactive steps to mitigate these by creating sufficient barriers in the pricing, making suitable provisions in books, providing insurance cover upon entering derivative transaction for hedging our obligation in foreign currency, etc.

Any further change in the government policy, tax structure, geopolitical and political situation, and civil disturbances will have adverse effect on SEL's business. Mitigation of insurance coverage for natural risks such as adverse weather condition, fire, floods,

earthquakes, etc. has been worked. A manifold competition from large national as well as international organizations and deviation from estimated traffic volume is also an area of concern for the company.

This risk management exercise identifies risks, and also reduces risks to an acceptable level. Your Company has risk management policies to manage and overcome these risks to ensure smooth functioning of its business operations which are reviewed periodically by the Directors of the Company.

## 6. SEGMENT WISE PERFORMANCE

As on March 31, 2016 the Company has one reportable business segment of construction, engineering and infrastructure development on Stand Alone basis. A segment wise performance on consolidated basis is given in the note no. 2.37 to the consolidated financial statements.

## 7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

Controls for business processes across departments internally, is required to ensure efficient operations, compliance with internal policies and applicable laws and regulations, protection of resources and assets and accurate reporting of the financial transactions. This system of internal control is supplemented by extensive internal audits, regular reviews by the management team and standard policies and guidelines to ensure the reliability of financial and all other records. Therefore, the ERP-SAP system of the company is already operative. It connects all sites with the corporate office, and by providing real time information to the top brass of the company. Sadbhav Engineering Limited has now planned to centralize the entire data process so as to assure transparency to every stakeholder of the company.

## 8. FINANCIAL OVERVIEW

### (a) Income Analysis

The Company's revenues for the current year stood at ₹ 3186.25 crores as against ₹ 2969.85 crores in the previous year, thereby registering an increase of 7.29 %.

### (b) Expense Analysis

#### Manufacturing and Construction expenses

Material consumed for the year ended March 31st, 2016 amounted to ₹ 951.61 crores, construction expenses increased from ₹ 1696.71 crores incurred during 2014-15 to ₹ 1638.85 crores in the year 2015-2016.

#### Depreciation, Interest and Finance cost

Depreciation during 2015-16 amounted to ₹ 84.93 crores as against ₹ 81.71 crores recorded in 2014-15. Finance cost increased from ₹ 138.22 crores in 2014-15 to ₹ 151.48 crores in 2015-16.

### (c) Profit Analysis

EBDITA during 2015-16 stood at ₹ 325.37 crores as against ₹ 300.24 crores recorded during 2014-15. Profit after tax for 2015-16 stood at ₹ 133.71 crores as compared to ₹ 113.73 crores during 2014-15.

### (d) Net Worth

The company also saw a rise in the Net worth from ₹ 1352.06 crores in 2014-15 to ₹ 1471.46 crores in 2015-16.

### (e) Dividend

The Company declared a final dividend of 70% this year.

On consolidated basis, the revenue from operations stood at ₹ 3877.51 crores during the financial year under review as compared to ₹ 3446.78 crores in the previous year Loss before tax was ₹ 123.17 crores as compare to loss of ₹ 198.25 crores in the previous year and Loss after tax was ₹ 46.75 crores as compare to loss of ₹ 175.49 crores in the previous financial year.

## 9. HUMAN RESOURCE DEVELOPMENT

A function in organizations designed to maximize performance in service of an employer's strategic objectives; our employees have been our core strength to deepen the roots of our company. As a realization of our responsibility towards our pal-bearers for our existence as well as our goodwill, we look after their social amenities like Medical, PF, Gratuity, LTA etc. The Human Resource team at Sadbhav Engineering Limited has and continues to allure the competitive talent and brace them in cohesion with the vision and mission of the Company. The potential of each employee is advanced due to the provision of right opportunity to grow which includes regular in-house and external training along with knowledge and skill development. A value-driven work environment with satisfaction and appreciation as well as professionalism has led us build an excellent team.

## 10. STATEMENT OF CAUTION

Projections listed under the Management Discussion and Analysis describing the Company's objectives, projections and approximate estimate may be forward looking and set in the framework meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could influence the Company's operations substantial downside risks, including additional growth disappointments in advanced economies or key emerging markets and rising policy and geopolitical uncertainties.

# Independent Auditor's Report

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

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Sadbhav Engineering Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-A"
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.31 (A) to the financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **SURANA MALOO & CO.**  
Chartered Accountants  
Firm Reg. No. 112171W

**S. D. PATEL**  
PARTNER

Membership No. 37671

Place : Ahmedabad  
Date : April 27, 2016

## ***Annexure to Independent Auditors' Report***

**The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2016, we report that:**

**1. In respect of 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) Based on our audit procedures and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.

**2. In respect of Inventories:**

As explained to us, inventories have been physically verified by the management at regular intervals during the year and there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

**3. In respect of Loan to parties covered in the register maintained under section 189:**

- (a) The company has granted loans to one subsidiary company covered in the register maintained u/s 189 of the Act. The terms and conditions of the loans granted are not prejudicial to the Company's interest.
- (b) The borrower has been regular in the payments of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand except interest free term loan of ₹ 7795.63 lakhs which is repayable after eleven years from the date of term loan agreement dated 22nd October, 2014.
- (c) There are no overdue amounts of more than ninety days in respect of the loans granted to the bodies corporate listed in the register maintained u/s 189 of the Act.

**4. In respect of loans, Investments, guarantees and Securities:**

In our opinion and according to the information and explanations given to us, The Company has complied with the provision of Section 185 and 186 of the Act in respect of loans, investment, guarantees and securities.

**5. In respect of deposit from the Public:**

The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 and other relevant provisions of the Act and rules framed thereunder.

**6. In respect of maintenance of cost records:**

We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central government under Section 148(1) of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

**7. In respect of statutory dues:**

- (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other material statutory dues applicable to it. 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, 2016 for a period of more than six months from the date of becoming payable except Labour cess of ₹ 606.86 lakhs.



(b) The disputed statutory dues aggregating to ₹ 5826.33 lakhs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Forum where Dispute is pending	Amount (₹ in Lakhs)
01.	The Finance Act, 1994	Service Tax	2007-08 and 2008-09	CESTAT, Ahmedabad	545.05
02.	The Income Tax Act, 1961	Income Tax	2004-05 to 2006-07	The High Court, Gujarat	611.03
03	The Income Tax Act, 1961	Income Tax	2010-11, 2012-13 and 2013-14	Commissioner of Income Tax (Appeal), Ahmedabad	2129.88
04	The Income Tax Act, 1961	Income Tax	2006-07 to 2010-11	ITAT, Ahmedabad	2222.60
05	The Income Tax Act, 1961	Income Tax	2010-11	ITAT, Ahmedabad	13.25
06	Jharkhand Value Added Tax Act, 2005	VAT	2010-11	Commissioner Appeal (Commercial Tax), Jharkhand	77.40
07	Jharkhand Value Added Tax Act, 2005	VAT	2010-11-2011-12	VAT Tribunal, Haryana	87.31
08	Haryana Value Added Tax Act, 2003	VAT	2012-13	Commissioner Appeal (Commercial Tax), Haryana	88.49
09	Rajasthan Minor Mineral Concession Rules, 1986	Royalty	2013-14	The High Court, Rajasthan	51.32
				<b>TOTAL</b>	<b>5826.33</b>

**8. In respect of dues to financial institution / banks / government / 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, banks, government and dues to debenture holders.

**9. In respect of application of term loans:**

In our opinion, and according to the information and explanations given to us, the term loans obtained by the Company were, prima facie, applied for the purposes for which the loans were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

**10. In respect of fraud:**

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

**11. In respect of Managerial Remuneration:**

In our opinion, and according to the information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of the section 197 read with Schedule V to the Companies Act.

**12. In respect of Nidhi Company:**

In our opinion, the Company is not a Nidhi Company therefore the provision of clause xii of paragraph 3 of the Order are not applicable to the Company.

**13. In respect of Related party transaction:**

Based on our audit procedures and according to the information and explanations given to us, all transaction with the related party are in compliance with section 177 and 178 of the Act and the details have been disclosed in the Financial Statement as required by the applicable accounting standard.

**14. In respect of allotment of Preferential allotment:**

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review.

**15. In respect of Non-Cash transaction with directors:**

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with directors or persons connected with them. Accordingly, Paragraph 3(xv) of the order is not applicable.

**16. In respect of registration under Sec 45-IA:**

In our opinion, and according to the information and explanations given to us, the Company is not required to registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For SURANA MALOO & COMPANY**  
Chartered Accountants  
Firm Reg. No. 112171W

**S. D. PATEL**  
PARTNER  
Membership No. 37671

Place : Ahmedabad  
Date : April 27, 2016

## **Annexure - A**

### **TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SADBHAV ENGINEERING LIMITED**

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

We have audited the internal financial controls over financial reporting of Sadbhav Engineering Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

#### **Opinion**

Our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SURANA MALOO & COMPANY**  
Chartered Accountants  
Firm Reg. No. 112171W

**S. D. PATEL**  
PARTNER  
Membership No. 37671

Place : Ahmedabad  
Date : April 27, 2016

## Balance Sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	2.1	1715.34	1715.01
(b) Reserve and Surplus	2.2	145430.60	133490.76
		147145.94	135205.77
<b>(2) Non-current Liabilities</b>			
(a) Long Term Borrowings	2.3	48911.78	56031.60
(b) Deferred Tax Liabilities	2.4	2315.76	2440.83
(c) Other Long Term Liabilities	2.5	274.18	3370.77
(d) Long Term Provisions	2.6	45.11	(7.25)
		51546.83	61835.95
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	2.7	56965.04	37998.98
(b) Trade Payables	2.8	37032.39	45497.97
(c) Other Current Liabilities	2.9	56623.49	55755.86
(d) Short Term Provisions	2.10	12546.89	16198.90
		163167.81	155451.71
<b>Total</b>		<b>361860.58</b>	<b>352493.43</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets			
(i) Properties, Plants & Equipments	2.11	55376.61	53413.45
(ii) Intangible Assets	2.12	122.87	158.93
		55499.48	53572.38
(b) Non-current Investments	2.13	52778.85	53126.32
(c) Long Term Trade Receivables	2.14	3784.45	2926.68
(d) Long Term Loans, Advances and Deposits	2.15	64132.90	55883.53
		120696.20	111936.53
<b>(2) Current Assets</b>			
(a) Inventories	2.16	14062.09	21337.17
(b) Trade Receivables	2.17	99940.28	90674.91
(c) Cash and Bank Balances	2.18	3664.92	3510.75
(d) Short-Term Loans and Advances	2.19	59478.26	65048.09
(e) Other Current Assets	2.20	8519.35	6413.60
		185664.90	186984.52
<b>Total</b>		<b>361860.58</b>	<b>352493.43</b>

Significant accounting policies & Notes on Accounts forming part of Financial Statements

1 & 2

As per our Audit Report of even date attached

For and on behalf of Board

**For Surana Maloo & Co.**

Chartered Accountants  
Firm Reg. No. 112171W

**Vishnubhai M. Patel**

Chairman & Managing Director  
DIN: 00048287

**Nitin R. Patel**

Executive Director & CFO  
DIN: 00466330

**S. D. PATEL**

Partner  
Membership No. 37671

Place : Ahmedabad

Date : 27-04-2016

**Vasistha C. Patel**

Executive Director  
DIN: 00048324

**Tushar D. Shah**

Company Secretary

## Profit and Loss Statement for the Year Ended March 31, 2016

		(₹ in Lakhs)	
Particulars	Note No.	2015-2016	2014-2015
I Revenue from Operations	2.21	318625.12	296984.74
II Other Income	2.22	9051.20	6554.47
<b>III Total Revenue (I+II)</b>		<b>327676.32</b>	<b>303539.21</b>
<b>IV Expenses :</b>			
Cost of Material Consumed	2.23	95161.17	73529.21
Changes in Inventories of finished goods, Work-in-Progress and Stock-in-trade	2.24	0.00	418.20
Construction Expenses	2.25	163885.25	169670.75
Employee Benefits Expense	2.26	12224.75	9738.73
Finance Cost	2.27	15148.29	13822.31
Depreciation and Amortization Expense		8492.68	8170.71
Other Expenses	2.28	14816.46	13604.28
<b>Total Expenses</b>		<b>309728.60</b>	<b>288954.19</b>
<b>V Profit Before Exceptional Items and Tax (III-IV)</b>		<b>17947.72</b>	<b>14585.02</b>
VI Exceptional Item (Net of Income)	2.47	(1,944.62)	0.00
<b>VII Profit Before Tax (V+VI)</b>		<b>16003.10</b>	<b>14585.02</b>
VIII Tax Expense			
(1) Current Tax		3777.25	3986.80
(2) Reversal of MAT Credit		394.55	--
(3) Deferred Tax		(125.07)	(526.70)
(4) Short/(Excess) Provision for taxation for earlier years		(1414.19)	(248.22)
<b>IX Profit for the period from continuing Operations (VII-VIII)</b>		<b>13370.56</b>	<b>11373.14</b>
<b>X Earning per Equity Share (in Rupees)</b>			
(1) Basic	2.29	7.79	7.25
(2) Diluted	2.29	7.79	7.25
Significant accounting policies & Notes on Accounts forming part of Financial Statements	1 & 2		

As per our Audit Report of even date attached

For and on behalf of Board

**For Surana Maloo & Co.**  
Chartered Accountants  
Firm Reg. No. 112171W

**Vishnubhai M. Patel**  
Chairman & Managing Director  
DIN: 00048287

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

**S. D. PATEL**  
Partner  
Membership No. 37671

Place : Ahmedabad  
Date : 27-04-2016

**Vasistha C. Patel**  
Executive Director  
DIN: 00048324

**Tushar D. Shah**  
Company Secretary

## Cash Flow Statement for the Year 2015-2016

(₹ in Lakhs)

Particulars	2015-2016		2014-2015	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
<b>Net Profit after Tax as per Profit and loss account</b>		<b>13370.56</b>		<b>11373.14</b>
<b>Adjustments For :</b>				
Interest Income	(8646.80)		(5609.03)	
Interest Expenses	15057.81		13805.85	
Depreciation & Amortisation	8492.68		8170.71	
Profit on sale of Assets	(123.39)		(53.49)	
Loss on sale of Assets	173.96		885.32	
Exceptional Item	3069.45		0.00	
Stock Option Premium	0.00		85.68	
Income Tax Provision	2757.61		3738.58	
Welath Tax Provision	0.00		0.00	
Foreign Exchange Loss	0.00		0.00	
Deferred Tax Liabilities/(Assets)	(125.07)	20656.25	(526.70)	20496.92
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>34026.81</b>		<b>31870.06</b>
<b>Adjustment For :</b>				
(Increase)/Decrease of Long Term Trade Receivables	(857.77)		(939.16)	
(Increase)/Decrease of Trade Receivables	(9265.37)		(17487.75)	
(Increase)/Decrease of Other Current Assets	(3410.77)		486.07	
(Increase)/Decrease of Inventories	7275.08		(4955.07)	
(Increase)/Decrease of Long Term Loans and Advances	(2488.87)		1625.28	
(Increase)/Decrease of Short Term Loans and Advances	5545.59		(9982.51)	
Increase/(Decrease) of Other Long Term Liabilities	(418.59)		284.97	
Increase/(Decrease) of Long-Term Provisions	52.36		0.00	
Increase/(Decrease) of Trade Payables	(8465.58)		6771.83	
Increase/(Decrease) of Other Current Liabilities	781.84		(5255.84)	
Increase/(Decrease) of Short Term Provision	205.37		(180.06)	
		(11046.71)		(29632.24)
<b>Cash generated from Operations</b>		<b>22980.10</b>		<b>2237.82</b>
Tax Paid	(6591.02)	(6591.02)	(5887.96)	(5887.96)
<b>Net Cash From Operating Activities</b>		<b>16389.08</b>		<b>(3650.14)</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Purchase of Fixed Assets	(11429.39)		(15847.89)	
Sales of Fixed Assets	2833.34		957.48	
Investments in Subsidiary Companies	(2479.92)		(819.99)	
Investments in Associate Companies	0.00		(150.28)	
Other Non Current Investments	(0.89)		(55.64)	
Advance Recd. from subsidiary against sale of shares in other subsidiaries	150.28		(1831.34)	
Loan to Subsidiary Companies	(8829.95)		(11883.22)	
(Increase) /Decrease in Other Bank Balance & FDRs	(37.38)		(1043.83)	
Interest Received	8714.57	(11079.34)	5518.36	(25156.35)
<b>Net Cash From Investing Activities</b>		<b>(11079.34)</b>		<b>(25156.35)</b>

## Cash Flow Statement for the Year 2015-2016

(₹ in Lakhs)

Particulars	2015-2016	2014-2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of Fresh Capital including Premium	15.07	31530.95
Proceeds from Share application Money	0.00	
Proceeds From Long Term Borrowings	8218.33	29704.91
Repayment of Long Term Borrowings	(15993.82)	(16907.13)
Proceeds/(Repayment) of Short Term Borrowings	15628.21	(1940.97)
Net Increase in Working Capital Loan	3337.85	(4238.29)
Interest Paid	(14953.53)	(13249.65)
Dividend Paid	(1200.63)	(1062.97)
Dividend Tax Paid	(244.44)	(180.67)
Transfer to Investor Education & Protection Fund	0.00	0.00
	(5192.96)	23656.18
<b>Net Cash From Financing Activities</b>	<b>(5192.96)</b>	<b>23656.18</b>
NET INCREASE IN CASH & CASH EQUIVALENTS ( A+B+C )	116.78	(5150.31)
OPENING BALANCE OF CASH & CASH EQUIVALENTS	633.56	5783.87
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>750.34</b>	<b>633.56</b>
<b>COMPONENTS OF CASH &amp; CASH EQUIVALENTS</b>		
CASH ON HAND	33.59	36.03
BALANCE IN CURRENT ACCOUNT WITH BANKS	466.75	347.52
BALANCE IN FIXED DEPOSITS NOT KEPT AS MARGIN	250.00	250.00

**Notes:**

1. The cash flow statement has been prepared under Indirect Method as per Accounting Standard - 3 "Cash Flow Statement".
2. All figures in bracket are outflow.
3. Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
4. Previous year figures have been recast / restated wherever necessary.

As per our Audit Report of even date attached

For and on behalf of Board

**For Surana Maloo & Co.**  
Chartered Accountants  
Firm Reg. No. 112171W

**Vishnubhai M. Patel**  
Chairman & Managing Director  
DIN: 00048287

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

**S. D. PATEL**  
Partner  
Membership No. 37671

Place : Ahmedabad  
Date : 27-04-2016

**Vasistha C. Patel**  
Executive Director  
DIN: 00048324

**Tushar D. Shah**  
Company Secretary

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

### Corporate Information:

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

### Note 1. Significant Accounting Policies:

#### a) Basis of Preparation:

The Financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 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 reported amount 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. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future result could differ from those estimates and the difference between actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### c) Inventories:

Stock of material, Spare-parts, Diesel is valued at the lower of cost or net realizable value after providing any other losses, where considered necessary. Cost is determined on first-in-first-out basis. Cost includes all the charges in bringing the goods to the point of use, including octroi and other levies, transit insurance and receiving charges.

Work in progress is valued at contract rates.

#### d) 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.

#### e) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

#### f) Depreciation and Amortisation:

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

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

Depreciation on assets sold, discarded or demolished during the year is being provided on their respective useful life on pro-rata up to the date on which such assets are sold, discarded or demolished.

Intangible assets are amortised over their estimated useful life. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern. Software being Intangible Assets 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.

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

### g) Recognition of Contract Revenue and Expenses:

- (i) In case of Item rate contracts Revenue is recognized over the life of the contract using percentage completion method, on the basis of physical measurement of work actually completed at the balance sheet date.
- (ii) In the case of lumpsum contracts, revenue is recognized on the completion of milestones as specified in the contract or as identified by the management.
- (iii) 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 its share in the joint ventures.
- (iv) Revenue from Wind Mill power generation is recognized when the electricity is delivered to electricity Distribution Company at a common delivery point and the same is measured on the basis of meter reading.
- (v) 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.
- (vi) Price escalation and other Claims and/or variations in the contract work are included in contract revenue only when:
  - (a) Negotiations have reached at 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.
- (vii) 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.
- (viii) Site mobilization (Camp) Expenditure for site installation is written off over the period of contract in proportion to the value of work done.

### h) Other Income:

Interest Income on investment and bank deposits are recognized on a time proportion basis taking into account the amount invested and the rate applicable. Dividend income is accounted for when the right to receive it is established.

### i) Property Plant and Equipment:

Property Plant and Equipments are valued as per cost model at cost less accumulated depreciation and accumulated impairment losses, if any. 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. Subsequent expenditure on fixed assets after its purchase/completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

### j) 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.

### k) Foreign Currency Transactions and Translations:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transactions or rates that closely approximate the rate at the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are restated at year end rates. As the Company has adopted para 46A of AS-11, the exchange differences arising on settlement / restatement of long-term foreign currency monetary items are Capitalised as part of the depreciable fixed assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period/up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as "Foreign Currency Monetary Item Translation Difference Account" net of the tax effect thereon, where applicable.

Non monetary foreign currency items are carried at cost.



# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

### l) Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments. On initial recognition, all investments are made at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerages, fees and duties. Current investments are carried in the financial statements at the lower of cost or quoted / fair value, determined on an individual investment basis. Long term Investments are stated at cost. However provision for diminution in the value of Long Term investments is made only if such a decline is other than temporary. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### m) Employee Benefits:

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.

Company also provides for Retirement Benefits in the form of Gratuity. Such Benefits are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries. Company has taken Group Gratuity Policy of L.I.C. of India. Actuarial gains and loss in respect of Gratuity are charged to Profit & Loss Account.

Short term employee benefits including leave are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services are rendered.

In respect of employee stock options, the excess of fair price on the date of grant over the exercise price is recognized as deferred compensation cost amortised over the vesting period.

### n) Employee Share Based Payment:

The Company has constituted Employee Stock Option Plan - 2008. Employee Stock Option granted on 4th October, 2010 is accounted under 'Fair Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

### o) Borrowing Costs:

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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.

### p) Leases:

Where the Company is the lessee,

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

### q) Earning per share (EPS):

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit for the year attributable to equity shareholders and the weighted average number of Equity Shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### r) Income Taxes:

Tax Expenses comprise Current Tax and Deferred Tax.

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

Minimum Alternate Tax (MAT) paid in a year is charged to statement of profit and loss as current Tax. The company recognizes MAT Credit available as an assets only when and to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under Income Tax Act, 1961", the said assets is created by way of

# Significant Accounting Policies & Notes on Accounts

## Forming part of the Financial Statement

credit to the statement of Profit and loss and shown as "MAT credit entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the assets to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

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. In situation where the company has unabsorbed depreciation or carry forward losses, all 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 year end based on the tax rates and laws enacted or substantially enacted on Balance Sheet date.

### s) 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.

### t) Contingent Liabilities & Contingent assets:

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but is not recognized because (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or (ii) a reliable estimate of the amounts of the obligation cannot be made. Contingent liabilities are not provided for and are disclosed by way of notes.

Contingent assets are neither recognized nor disclosed in the financial statement.

### u) Derivative Contracts:

The Company uses derivative financial instrument, such as derivative option contract, interest rate swap contract, derivative contracts in the nature of foreign currency swaps, currency options, and forward contracts to take advantage of lower interest rate of foreign currency loan and the hedge the foreign exchange fluctuation. In accordance with the ICAI announcement, derivative contracts, other than forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss if any after considering the offsetting effect of gain on the underlying hedged item, are charged to the statement of profit or loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedge item, is ignored.

In respect of derivative contracts, premium paid, gains/losses on settlement and provision for losses for cash flow hedges are recognized in the consolidated statement of profit and loss.

### v) Sales Tax / VAT / WCT:

Sales Tax / VAT / WCT on construction contracts are accounted on accrual basis. The cost of material (inputs) is accounted at purchase cost net of Value added tax, wherever the company is eligible for credit. The Value Added Tax element of materials (inputs) is debited under the head "Loans and Advances" to the extent of eligibility of input credit.

### w) Service Tax Input Credit:

Service tax input credit is accounted in the books, wherever the company is eligible, in the period in which the underlying service received and when there is no uncertainty in availing/utilizing the credits. Service tax input credit is debited under the head "Loans and Advances".

### x) Operating Cycle:

Operating cycle for the business activities of the company covers the duration of the specific projects/contract/product line/service including the defect liability period wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

### y) General:

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

## Notes forming Part of the financial statements

(₹ in Lakhs)

As at 31-03-2016                      As at 31-03-2015

### Note 2. Notes on Accounts

#### 2.1 Share Capital

(a) Authorised Share Capital: 20,00,00,000 (20,00,00,000) Equity Shares of ₹ 1/- each	2000.00	2000.00
(b) Issued, Subscribed and fully paid 171533800 (171500800) Equity Shares of ₹ 1/- each with voting rights	1715.34	1715.01
(c) Reconciliation of Nos. of Equity Shares with voting rights:		
Outstanding at the beginning of the year (Nos.)	171500800	151662300
Addition during the year towards ESOP (Nos.)	33000	264500
Addition during the year on Conversion of Share Warrant into Equity (Nos.)	0	8000000
Addition during the year on allotment of shares to QIB (Nos.)	0	11574000
Outstanding at the end of the year (Nos.)	<b>171533800</b>	<b>171500800</b>

(d) Rights of Shareholders and Repayment of Capital:

- (i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 1/-.
- (ii) Each holder of equity shares is entitled to one vote per share.
- (iii) In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

(e) Shares with voting rights held by each share holder holding more than 5% Equity shares of the company

Name of Share Holder(s)	As at March 31, 2016 No. of shares (% age)	As at March 31, 2015 No. of shares (% age)
Vishnubhai M. Patel	23543220 (13.73)	23429220 (13.66)
Sadbhav Finstock Private Limited	16545275 (9.65)	16545275 (9.65)
Shantaben V. Patel	14715375 (8.58)	14715375 (8.58)
HDFC Trustee Co. Ltd.	14121609 (8.23)	13271678 (7.74)
ICICI Prudential Value Discovery Fund	9206830 (5.37)	10719680 (6.25)

(f) Shares reserved for Issue under ESOP @ ₹ 50/- per share (Face Value ₹ 1/-)	(Nos.) 37000	72000
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The activity in the ESOP-2008 during the Year ended at March 31, 2016 and March 31, 2015 is set out below:

Particulars	As at March 31, 2016 (Figure in Nos)	As at March 31, 2015 (Figure in Nos)
Option outstanding in the beginning of the year	72000	382500
Option granted during the year	0	0
Less: Exercised	33000	264500
Less: Forfeited/Lapsed	2000	46000
Option outstanding at year end	37000	72000
Option exercisable at year end	37000	72000

As at March 31, 2016, 37,000 equity shares have been kept reserved for issue against the outstanding options. All shares are vested and are exercisable at any point of time within three years from the date of vesting.

The exercise price of option is ₹ 50/- per option granted.

#### 2.2 Reserve and Surplus

(a) Capital reserve As per Last Balance Sheet	345.00	345.00
Closing Balance	<b>345.00</b>	<b>0.00</b>
(b) Security Premium Reserve As per Last Balance Sheet	62910.47	29074.84
Addition during the year	39.63	34381.76
Less : QIP Expense	0.00	546.13
Closing Balance	<b>62950.10</b>	<b>62910.47</b>

## Notes forming Part of the financial statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
(c) Debenture Redemption Reserve		
As per Last Balance Sheet	9000.00	2014.80
Addition during the year	0.00	6985.20
	<b>9000.00</b>	<b>9000.00</b>
(d) Shares Options Outstanding Account		
As per Last Balance Sheet	51.19	153.57
Addition during the year	0.00	88.52
Less transferred to Security Premium Account	24.89	190.90
	<b>26.30</b>	<b>51.19</b>
(e) General Reserves		
As per Last Balance Sheet	10160.18	9160.18
Addition during the year	1000.00	1000.00
	<b>11160.18</b>	<b>10160.18</b>
(f) Profit and Loss account		
As per Last Balance Sheet	51023.92	51142.13
Net Profit for the year	13370.56	11373.14
Appropriations:-		
Transfer to general reserves	1000.00	1000.00
Transfer to Debenture Redemption reserves	0.00	6985.21
Adjustment Relating to Fixed Assets (Refer Note No.2.10 & 2.11)	0.00	2059.60
Dividend Paid	0.23	1.40
Tax on Dividend Paid	0.05	0.24
Proposed Dividend (₹ 0.70 per Share)	1200.74	1200.51
Tax on Proposed Dividend	244.44	244.39
	<b>61949.02</b>	<b>51023.92</b>
<b>Total</b>	<b>145430.60</b>	<b>133490.76</b>

### 2.3 Long Term Borrowings

(a) Bonds/Debentures (Secured)		
Secured redeemable non-convertible debentures	12000.00	16000.00
(a) ICICI Bank [160 (180) debentures of ₹ 1 Crore each]		

The debentures are secured by (a) a residual charge over all the movable assets of the company (b) exclusive charge over the secured Immovable Property i.e. piece of non agricultural freehold land situated at Maharajpura of Kadi Taluka, in favour of the Debenture Trustee (for the benefits of the secured parties) (c) pledged in favour of ICICI Bank Ltd. 3,52,22,522 (3,10,96,308) number of equity shares of Sadbhav Infrastructure Project Ltd.

Rate of interest of above NCD is ICICI Bank base rate plus spread of 1.75%

(b) HDFC Asset Management Co. Ltd. -1200 (1200) debentures of 10 Lakh each	12000.00	12000.00
Add : Accrued amount of Premium on Redemption	798.25	201.73

The debentures are secured by (a) Pledge of 66,18,110 shares of Sadbhav Engineering Ltd. by Sabhav Finstock Pvt. Ltd.; (b) NDU and negative lien to be provided by promoter on 3% equity shares of Sadbhav Engineering Ltd. (c) Agriculture Land Situated at Sonarda, Gandhinagar held by Bhavnaben Patel, Truptiben Patel, Dipakbhai Patel and Vishnubhai Patel.

Coupon Rate of 9% plus Redemption Premium resulting Effective Rate of interest (IRR) of 12.14% p.a. at maturity.

Repayment Schedule of Debentures is as under:

Repayable during the year	No. of Instalments	Maturity Amount
2016-17	4	4000.00
2017-18	5	15600.00
2018-19	1	3600.00
2019-20	1	4800.00

Bonds redeemable during the year 2016-17 are shown under 'Current Maturity of Long Term Debts' (Note No. 2.8 'Other Current Liabilities')

## Notes forming Part of the financial statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
(b) Term Loans		
Secured		
From Banks:-		
(a) Foreign Currency Term Loan (ECB)	5467.72	7657.88
(b) Rupee Term Loan	12532.69	14024.25
[Secured by way of hypothecation of specific machineries and equipments purchased and mortgage of Sadbhav Vision House, Guest House & office in Mumbai, Non Agricultural land at Sheikhpur (Ahmedabad), Guest House in Delhi]		
From Financial Institutions	6113.12	6147.74
(Secured by way of hypothecation of specific machineries and equipments purchased)		
<b>Total</b>	<b>48911.78</b>	<b>56031.60</b>

Repayable during the years	No of Instalments	Maturity Profile of Term Loans	
		From Banks	From Financial Institutions
2016-17	1332	8577.14	3211.19
2017-18	834	7833.33	3111.80
2018-19	572	5545.78	1597.62
2019-20	432	2989.82	1214.53
2020-21	95	983.34	189.17
2021-22	2	648.14	0.00

Interest Payable on Rupee Term Loan from Banks & Financial Institutions is ranging from 8.47% to 12.14%. Interest payable on ECB are Linked to LIBOR which are 215 basis point and 250 basis point over LIBOR. The Repayment Schedule of ECB are included in above Maturity Profile of Term Loans.

Loan repayable during the year 2016-17 are shown under 'Current Maturity of Long Term Debts' (Note No 2.9 'Other Current Liabilities')

### 2.4 Deferred Tax Liabilities (Net)

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

Opening Balance of deferred Tax Liability	2440.83	3566.80
Add : Deferred Tax Liability on depreciation	(107.27)	(1125.97)
Add : Provision of Gratuity	(17.80)	0.00
<b>Closing Balance of Deferred Tax Liability</b>	<b>2315.76</b>	<b>2440.83</b>

### 2.5 Other Long Term Liabilities

(a) Security & Other Deposits from Sub-contractors	274.16	692.75
(b) Advance Received for sale of Shares	0.02	2678.02
<b>Total</b>	<b>274.18</b>	<b>3370.77</b>

1,04,00,00 shares (value ₹ 10,40,00,000) of Mumbai Nashik Expressway Limited and 1,78,82,800 shares (value ₹ 17,88,28,000) of Dhule Palasner Tollway Limited have been transferred to its subsidiary (SIPL)'s name.

### 2.6 Long-Term Provisions

Provision for Employee Benefits		
Provision for Gratuity	45.11	(7.25)
<b>Total</b>	<b>45.11</b>	<b>(7.25)</b>

## Notes forming Part of the financial statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.6 Short-Term Borrowings</b>		
Secured		
Loans repayable on demand		
Short Term Loans From Banks	27604.73	25481.62
Overdraft due to Issuance of Cheques	4720.61	3505.87
<b>Secured by</b>		
(a) Hypothecation of stock of construction materials lying at sites, books debts and other receivables		
(b) First charge by way of mortgage of immovable property (Sadbhav House) and immovable property situated at Village Ognaj along with furnitures, fixtures etc. owned by company and All Fixed Assets (Movable & Immovable) of the company which are not hypothecated/Charged to other lenders. Second charge on machineries owned by the company.		
(c) Personal Guarantee of Shri Vishnubhai M. Patel, Shri Vasisthakumar Patel, Shri Vikramkumar Patel and Smt. Shantaben V. Patel.		
Unsecured		
From Banks	24500.08	8200.00
From Related parties		
From Directors	0.00	749.37
From Others (From Company in which Directors are Directors)	139.62	62.12
<b>Total</b>	<b>56965.04</b>	<b>37998.98</b>

<b>2.8 Trade Payables</b>		
(a) To Micro, Small and Medium Enterprises *	0.00	0.00
(b) Others	37032.39	45497.97
<b>Total</b>	<b>37032.39</b>	<b>45497.97</b>

\* As per information available with the company, 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 dues outstanding more than 45 days on account of principal amount together with interest and accordingly no additional disclosures have been made.

<b>2.9 Other Current Liabilities</b>		
(a) Current Maturities of Long term debts		
<b>Secured</b>		
Non Convertible Debentures	4000.00	2000.00
Foreign Currency Term Loan	2644.14	4299.26
Loan from Banks	5933.00	6260.06
Loan from Financial Institutions	3211.19	3247.61
<b>Sub-total</b>	<b>15788.33</b>	<b>15806.93</b>
(b) Sundry Creditors for Capital Goods	3103.73	1643.22
(c) Interest Accrued but not due on Loans	690.32	586.04
(d) Unclaimed Dividend *	4.77	4.66
(e) Statutory Dues	3184.15	3610.03
(f) Advances Received from Clients **	33850.65	34100.39
(g) Unpaid IPO & Right Issue Money	0.01	0.01
(h) Miscellaneous Liabilities	1.53	4.58
<b>Total</b>	<b>56623.49</b>	<b>55755.86</b>

\* Note:- There was no amount outstanding as on 31.03.2016, which is required to be transferred to Investor Education and Protection Fund (IEPF).

\*\* Advance Received from Clients includes ₹ 1,220.29 Lakhs (26,186.78 Lakhs) from subsidiaries.

## Notes forming Part of the financial statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.10 Short-Term Provisions</b>		
(a) Provision for Employee Benefits	326.29	120.92
(b) Proposed Dividend	1200.74	1200.51
(c) Tax on Proposed Dividend	244.44	244.39
(d) Provision for Wealth Tax	5.36	2.59
(e) Provision for Income Tax	10770.06	14630.49
<b>Total</b>	<b>12546.89</b>	<b>16198.90</b>

### Fixed Assets

#### 2.11 Properties, Plants & Equipments

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK		
	As on 01.04.2015	Additions	Deduction	Adjustments of Foreign Exc	Up to 31.03.2016	Up to 01.04.2015	For the Current Year	Deduction/Adjustments	Adjustments as per New Schedule II	Up to 31.03.2016	As on 31.03.2016	As on 31.03.2015
Land-Free Hold	396.00	715.62	0.00	0.00	1111.62	0.00	0.00	0.00	0.00	0.00	1111.62	396.00
Building	4549.56	205.00	744.71	0.00	4009.85	241.82	73.01	4.53	0.00	310.30	3699.55	4307.73
Furniture	1826.20	0.00	59.17	0.00	1767.03	302.70	166.21	12.29	0.00	456.62	1310.41	1523.50
Office Equipment	631.88	60.44	0.00	0.00	692.32	483.42	62.07	0.00	0.00	545.49	146.83	148.46
Machineries	70797.82	10191.31	2444.10	343.02	78888.05	28440.77	7766.81	1602.01	0.00	34605.57	44282.48	42357.06
Vehicles	851.23	116.77	59.62	0.00	908.38	577.37	105.54	42.11	0.00	640.80	267.58	273.86
Wind Mills	5169.36	0.00	0.00	294.05	5463.41	762.52	235.70	0.00	0.00	998.22	4465.19	4406.84
Assets Not put to use	0.00	92.95	0.00	0.00	92.95	0.00	0.00	0.00	0.00	0.00	92.95	0.00
	<b>84222.05</b>	<b>11382.09</b>	<b>3307.60</b>	<b>637.07</b>	<b>92933.61</b>	<b>30808.60</b>	<b>8409.34</b>	<b>1660.94</b>	<b>0.00</b>	<b>37557.00</b>	<b>55376.61</b>	<b>53413.45</b>

#### 2.12 Intangible Assets

Computer Software	897.25	47.30	0.00	0.00	944.55	738.32	83.36	0.00	0.00	821.68	122.87	158.93
<b>Total Amount ₹</b>	<b>85119.30</b>	<b>11429.39</b>	<b>3307.60</b>	<b>637.07</b>	<b>93878.16</b>	<b>31546.92</b>	<b>8492.70</b>	<b>1660.94</b>	<b>0.00</b>	<b>38378.68</b>	<b>55499.48</b>	<b>53572.38</b>
<b>Previous Year</b>	<b>72635.19</b>	<b>19006.52</b>	<b>6968.40</b>	<b>445.97</b>	<b>85119.28</b>	<b>22816.62</b>	<b>8170.71</b>	<b>2099.31</b>	<b>2658.88</b>	<b>31546.90</b>	<b>53572.38</b>	<b>-</b>

1. The company has adopted an option under para 46A of AS 11 - "The Effect of Changes in Foreign Exchange Rates", inserted by notification no G.S.R. 914(E) dated December 29, 2011 issued by Ministry of Corporate Affairs, and accordingly the exchange difference arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of depreciable asset, is added or deducted from the cost of the asset and shall be amortised over the balance life of asset. During the year company has added ₹ 637.07 Lakh (₹ 445.97 Lakhs) to the capital asset towards such exchange differences. The unamortised amount of such exchange difference included into the carrying amount of asset is ₹ 1220.18 Lakhs (862.34 Lakhs).

2. The Company has applied the different estimated useful lives as specified in Schedule II in respect of certain assets as disclosed in accounting policy on depreciation on the basis of working of machineries in very tough condition at project sites. In support of that Company has also taken an opinion of Chartered Engineer & Valuer regarding the different useful life. Accordingly the unamortized carrying value of those assets is being depreciated over the remaining useful life as adopted by the Company instead of useful life specified in the Schedule II. This changes result in a higher depreciation of ₹ 784.99 lakhs (₹ 537.89 lakhs) charged to profit and loss account.

3. Land purchase includes the amount of ₹ 618.06 Lakhs which was wrongly capitalized in Building during the year 2014-15 and depreciation of ₹ 8.17 Lakhs has been provided in last year on the same, was written back and adjusted from current year depreciation of building.

4. All property plant and equipments are pledged as security through first charge and/or second charges for liability of ₹ 97088.63 Lakhs (₹ 100826.02 Lakhs).

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.13 Non-current Investments (at cost)</b>		
Trade Investment		
<b>In Subsidiary companies</b>		
(i) Investment in Equity Instruments		
(A) Quoted		
Sadbhav Infrastructure Project Ltd. (SIPL) 24,07,33,427 (24,07,33,427) Fully Paid up Equity Shares of ₹ 10/- each (Refer Note No 2.39)	45972.99	45972.99
Out of 24,07,33,427 (24,07,33,427) shares held in Sadbhav Infrastructure Project Ltd., 3,52,22,522 (3,10,96,308) Shares have been pledged with ICICI Bank and 4,68,49,873 (4,68,49,873) shares have been pledged with IL&FS Trust Co. Ltd.		
	<b>45972.99</b>	<b>45972.99</b>
Aggregate Value of Quoted Investment ₹ 245548.10 Lakhs (Previous year unquoted)		

## Notes forming Part of the financial statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
(B) Unquoted		
(a) Nagpur Seoni Expressway Ltd. 200 (200) Fully Paid up Equity Shares of ₹ 10/- each	0.02	0.02
(b) Maharashtra Border Check Post Network Ltd. 6,040 (6,040) Fully Paid up Equity Shares of ₹ 10/- each 3,047 (3,047) Shares have been pledged out of 6,040 (6,040) shares held in Maharashtra Border Check Post Network Ltd. with the lenders of Maharashtra Border Check Post Network Ltd.	555.27	555.27
(c) Shreenathji Udaipur Tollway (P) Limited 100 (100) Fully paid up Equity Shares of ₹ 10/- each Nil (Nil) Shares have been pledged out of 100 (100) shares held in Shreenathji Udaipur Tollway (P) Ltd.	0.01	0.01
(d) Solapur-Bijapur Tollway (P) Limited Nil (13,000) Fully paid up Equity Shares of ₹ 10/- each Nil (Nil) Shares have been pledged out of (13,000) shares held in Solapur Bijapur Tollway (P) Ltd.	0.00	1.30
(e) Bhilwara Rajsamand Tollway (P) Limited 100 (100) Fully paid up Equity Shares of ₹ 10/- each Nil (Nil) Shares have been pledged out of 100 (100) shares held in Bhilwara Rajsamand Tollway (P) Ltd.	0.01	0.01
(f) Rohtak-Hissar Tollway (P) Limited 100 (100) Fully paid up Equity Shares of ₹ 10/- each	0.01	0.01
(g) Mysore-Bellary Highway (P) Ltd. 5,85,11,800 (3,36,99,600) Fully paid up Equity Shares of ₹ 10/- each 4,03,25,700 (2,01,65,400) Shares have been pledged out of 5,85,11,800 (3,36,99,600) shares held in Mysore Bellary Highway (P) Ltd.	5851.18	3369.96
(h) Dhule Palasner Tollway Ltd. Nil (1,78,82,800) Fully Paid up Equity Shares of ₹ 10/- each Nil (1,36,73,870) Shares has been pledged out of Nil (1,78,82,800) shares held in Dhule Palesner Tollway Ltd. with lenders (Refer Note No. 2.47(b))	0.00	1788.28
	<b>6406.50</b>	<b>5714.86</b>
<b>In Associate companies:-</b>		
Investment in Equity Instruments (Unquoted) :- Equity Participation in Mumbai Nasik Expressway Ltd. Nil (1,04,00,000) Fully Paid up Equity Shares of ₹ 10/- each (Refer Note No. 2.47(a)) Nil (1,04,00,000) shares held in Mumbai Nasik Expressway Ltd., are pledged with the lenders of Mumbai Nasik Expressway Ltd.	0.00	1040.00
	<b>0.00</b>	<b>1040.00</b>



## Notes forming Part of the financial statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>Non-current Investments</b>		
<b>Others</b>		
(a) 25,000 (25,000) Fully Paid up Equity Shares of Saket Projects Ltd. of ₹ 10/- each	2.50	2.50
(b) 900 (900) Fully Paid up Equity Shares of Ocean Bright Corp., Hongkong of HK\$ 1/- each	0.06	0.06
(c) 5,55,370 (5,55,370) Fully Paid up Equity Shares of Indian Highways Management Co. Ltd. of ₹ 10/- each	55.54	55.54
(d) 9.5% 20 (20) Bonds of Yes Bank of ₹ 10,00,000/- each	200.00	200.00
(e) Bond of Sardar Sarovar Narmada Nigam Limited	27.57	27.57
(f) 12.5% 10 (10) Debentures of Srei Equipment Finance Ltd. of ₹ 10,00,000/- each.	100.00	100.00
(g) Investment in NSC	13.69	12.80
	399.36	398.47
<b>Total</b>	<b>52778.85</b>	<b>53126.32</b>
Aggregate Value of Un-Quoted Investment ₹ 6805.86 Lakhs (53126.32 Lakhs), NSCs are pledged with PWD, Odisha.		

### 2.14 Long Term Trade Receivables

Trade Receivables (Unsecured considered good)	3784.45	2926.68
<b>Total</b>	<b>3784.45</b>	<b>2926.68</b>

### 2.15 Long Term Loans and Advances

#### Unsecured, considered good

(a) Loan to Subsidiary Companies	63266.66*	54436.71
(b) Advances for Goods and Services	259.21	909.99
(c) Advances to Suppliers for Fixed Assets	589.03	518.83
(d) Security & Other Deposits	18.00	18.00
<b>Total</b>	<b>64132.90</b>	<b>55883.53</b>

\* Includes interest free loan of ₹ 7795.63 Lakhs given to SIPL, repayable after 11 years from date of term loan agreement dated 22.10.2014.

#### Disclosures in terms of regulation 53(f) read together with para A of Schedule V of SEBI (LODR) Regulation, 2015

(a) Loans given to Subsidiaries having no repayment schedule.

Name of Subsidiaries	2015-16		2014-15	
	Maximum Balance	Closing Balance	Maximum Balance	Closing Balance
Bhilwara-Rajsamand Tollway (P) Ltd.	-	-	3,014.96	-
Mysore Bellary Highway (P) Ltd.	6,980.00	2,207.18	-	-
Rohtak Hissar Tollway (P) Ltd.	-	-	1,953.32	-
Sadbhav Infrastructure Project Limited	78,170.67	61,059.49	72,244.42	54,436.71
Shreenathji Udaipur Tollway Pvt. Ltd.	-	-	3,054.61	-

(b) Company has not given any Loans and Advances to any associates and firms/companies (except subsidiaries as stated above) in which directors are interested.

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

### 2.16 Inventories

(a) Construction Materials	12585.94	20112.79
(b) Work in Progress	511.39	511.39
(c) Stores & Spares	964.76	712.99
<b>Total</b>	<b>14062.09</b>	<b>21337.17</b>

## Notes forming Part of the financial statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.17 Trade Receivables</b>		
Trade Receivables (Unsecured and considered good)		
(a) Outstanding for more than six months		
(i) Due from Companies in which directors of the company are directors	7650.54	4288.24
(ii) Due from Others	0.00	4141.07
(b) Other Debts		
(i) Due from Companies in which directors of the company are directors	47985.86	44118.00
(ii) Due from Others	44303.88	38127.60
<b>Total</b>	<b>99940.28</b>	<b>90674.91</b>
<b>2.18 Cash and Bank Balance</b>		
(A) Cash and Cash Equivalents		
(a) Cash On Hand	33.59	36.03
(b) Balance with Banks		
(i) In Current Accounts	466.75	347.52
(ii) In Fixed Deposit - Original Maturity of 3 months or less	250.00	250.00
(B) Other Bank Balances		
(a) In Fixed Deposit of more than 3 Months Maturity	2906.30	2867.12
(b) In earmarked Accounts		
(i) For Margin Money	3.50	5.41
(ii) Unclaimed Dividend	4.77	4.66
(iii) Unpaid Right Issue Money	0.01	0.01
<b>Total</b>	<b>3664.92</b>	<b>3510.75</b>
Balance with bank includes deposits of ₹ 2006.02 Lakhs (2551.72 Lakhs) with remaining maturity of more than 12 months. Fixed Deposit includes ₹ 2909.80 Lakhs (2872.53 Lakhs) Pledged with Central and various State Governments/Undertakings & Local Bodies.		
<b>2.19 Short-term Loans and Advances</b>		
<u>Unsecured, considered good</u>		
(a) Advances		
(i) Advances for goods and Services	13756.14	14266.83
(ii) Advances to Others	34.65	103.48
(b) Advance Income Tax	22385.01	22014.71
(c) MAT Credit Entitlement	2266.96	2661.50
(d) Advance Sales Tax & Service Tax	3057.74	3711.46
(e) Prepaid Expenses	971.74	1413.83
(f) Security & Other Deposits	17006.02	20876.28
<b>Total</b>	<b>59478.26</b>	<b>65048.09</b>
<b>2.20 Other Current Assets</b>		
(a) Interest Accrued But Not Due on Investments	37.99	105.76
(b) Receivable Against Sale of Assets	157.53	1394.78
(c) Deferred Revenue Expenditures	2852.77	1461.37
(d) Income Tax Refund Receivable	820.02	0.00
(e) Others		
(i) Interest Receivable from Subsidiary	664.71	1179.12
(ii) Recoverable in Cash or Kind		
(i) Due from subsidiaries	1236.26	1080.52
(ii) Due from others	2750.07	1192.05
<b>Total</b>	<b>8519.35</b>	<b>6413.60</b>

## Notes forming Part of the financial statements

(₹ in Lakhs)

	2015-2016	2014-2015
<b>2.21 Revenue from Operations</b>		
Contracts Receipt	318165.36	296715.78
Other Operating Income	459.76	268.96
<b>Total</b>	<b>318625.12</b>	<b>296984.74</b>
<b>2.22 Other Income</b>		
(a) Interest Income		
(i) From Subsidiaries	6522.59	4912.57
(ii) From Current Investments	108.23	95.43
(iii) From Non -Current Investments	113.58	214.20
(iv) From Others	1902.40	386.83
(b) Profit on Sale of Assets	123.39	53.49
(c) Profit on Sale of Non Current Investments	0.00	553.97
(d) Miscellaneous Income	281.01	337.98
<b>Total</b>	<b>9051.20</b>	<b>6554.47</b>
<b>2.23 Cost of Material Consumed</b>		
Opening Stock	19034.36	14193.45
Add: Purchase	88712.75	78370.12
	107747.11	92563.57
Less: Closing Stock of Material	12585.94	19034.36
<b>Total</b>	<b>95161.17</b>	<b>73529.21</b>
<b>2.24 Changes in Inventory of finished goods, Work-in-Progress and Stock-in-trade</b>		
Opening Work-in-Progress	511.39	929.59
Less: Closing Work-in-Progress	511.39	511.39
<b>Total</b>	<b>0.00</b>	<b>418.20</b>
<b>2.25 Construction Expenses</b>		
Labour Expenses	118735.61	126708.14
Power & Fuel	32670.12	34033.02
Stores Consumed	1039.53	740.49
Repairs & Maintenances-Construction Machineries	4623.96	3670.60
Transportation Expenses	600.88	476.20
Machinery Rent (Including Lease Rent)	3762.99	1548.34
Land & Godown Rent	347.76	311.31
Site Establishment Expenses	1307.69	1581.84
Mess Expenses	796.71	600.81
<b>Total</b>	<b>163885.25</b>	<b>169670.75</b>
<b>2.26 Employee Benefits Expense</b>		
Salary & Wages	11066.53	8593.88
Contribution to PF and Other Funds	528.21	368.55
Group Gratuity Fund Expenses	60.16	133.21
Expense on Employee Stock Option Scheme [Refer Note 2.1 (f)]	0.00	85.68
Directors' Remuneration	357.00	340.50
Staff Welfare Expenses	212.85	216.91
<b>Total</b>	<b>12224.75</b>	<b>9738.73</b>

## Notes forming Part of the financial statements

(₹ in Lakhs)

	2015-2016	2014-2015
<b>2.27 Finance Cost</b>		
Interest Expenses		
(i) On Borrowings	13675.83	12630.50
(ii) On Taxes	90.48	16.46
Other Borrowing Costs	1381.98	1175.35
<b>Total</b>	<b>15148.29</b>	<b>13822.31</b>
<b>2.28 Other Expenses</b>		
Rent Expenses	47.35	28.96
Rates & Taxes	10010.89	8023.47
Vehicle Rent	349.32	254.65
Running & Maintenance of Vehicles	57.15	93.77
Repairs & Maintenances		
Building	16.15	0.84
Other Assets	109.47	55.74
Insurance	523.03	407.55
Electricity Expense	16.04	17.17
Postage & Telephone	90.98	94.11
Stationary & Printing	106.07	99.79
Traveling & Conveyance Expenses, incl. Foreign Travelling Expenses ₹ NIL (₹ NIL)	174.56	187.09
Directors' Traveling & Conveyance Expenses, incl. Foreign Travelling Expenses ₹ Nil Lakhs (₹ Nil)	13.95	30.61
Legal & Consultation Fees & Expenses	1715.80	1742.04
Corporate Social Responsibility Expenses	268.08	266.67
Donation to Bhartiya Janata Party	0.00	35.00
Donation Expenses-Others	77.39	189.26
Bank Charges	77.44	152.02
Auditors Remuneration (Refer Note No. 2.45)	60.83	65.46
Loss on Sales of Assets	173.96	885.32
Assets Written Off	0.00	11.54
Miscellaneous Expenses	928.00	963.22
<b>Total</b>	<b>14816.46</b>	<b>13604.28</b>

## Notes forming Part of the financial statements

### 2.29 Working of Earning Per Share

Reconciliation of Equity Shares outstanding at the end of year:

Particulars	As at March 31, 2016	As at March 31, 2015
Nominal Value of Equity Share (Re per share)	1.00	1.00
<b>For Basic EPS:</b>		
Number of Equity Shares at the beginning of the year	17,15,00,800	15,16,62,300
Addition during the year on allotment of shares under ESOP-2008 Scheme	33,000	2,64,500
Addition during the year on Conversion of Share Warrant into Equity	0	80,00,000
Addition during the year on allotment of shares to QIB	0	1,15,74,000
Number of Equity Shares at year end	17,15,33,800	17,15,00,800
Weighted Average number of Equity Shares	17,15,31,988	15,69,19,684
<b>For Diluted EPS:</b>		
Weighted Average number of Equity Shares as per above working	17,15,31,988	15,69,19,684
Add: Dilution in Nos. of Equity Shares on Grant of Stock Option under ESOP-2008	30,870	56,322
Weighted Average number of Dilutive Equity Shares	17,15,62,858	15,69,76,006

The weighted shares have been determined with reference to the respective dates of allotment of shares issued under ESOP. The effects of ESOP have been considered for current year as well as previous year.

<b>Basic EPS</b>		
Net Profit after Tax	13370.56	11373.14
Weighted Average number of Equity Shares	17,15,31,988	15,69,19,684
Basic EPS (₹)	7.79	7.25
<b>Diluted EPS</b>		
Net Profit after Tax	13,370.56	11,373.14
Weighted Average number of Diluted Equity Shares	17,15,62,858	15,69,76,006
Diluted EPS (₹)	7.79	7.25

### 2.30 Disclosure in respect of Construction Contracts

Revenue from fixed price construction contracts are recognized on the percentage of completion method on the basis of physical measurement of contract work actually completed at the year end. (₹ in Lakhs)

Particulars	2015-2016	2014-2015
(a) Amount of Contract Revenue recognised as revenue during the period	317597.98	296715.78
(b) Disclosure in respect of Contract in Progress at the reporting date		
(i) Contract cost incurred and recognised profit less recognised losses upto the reporting date	665592.12	806919.53
(ii) Advances Received	33707.20	33982.89
(iii) Retention Amount	11055.57	15557.61
(c) Amount due from Customers for Contract in Progress	82810.91	88066.72
(d) Amount due to Customers for Contract in Progress	Nil	Nil

## 2.31 Contingent Liabilities and commitments

### A Contingent Liabilities

#### (a) Claims against the company not acknowledge as debt:-

- (i) Sarda Energy and Minerals Ltd. (Formerly known as Raipur Alloys Limited) has filed a suit for recovery of ₹ 46.42 Lakhs (₹ 46.42 Lakhs) against the company and its directors and officers holding them jointly and severally liable. The Company purchased steel and TMT bar from Sarda Energy and Minerals Limited, for which the latter claimed ₹ 46.42 Lakhs (₹ 46.42 Lakhs) balance to be paid and filed Civil Suit at Civil Court, Nagpur. The company has challenged the jurisdiction of the court along with an application for stay of the Impugned Order. The Bombay High Court, Nagpur bench, through its interim order, granted a stay pending the decision of the appeal and directed the company to deposit 50% of the amount of the decree passed by the Civil Judge. The company has paid ₹ 21.20 Lakhs. The matter is pending before the Civil Court, Nagpur. Company has not made any provision for the said liability in its Books of Accounts.
- (ii) Company has received order of the Commissioner of service tax on 1st April, 2013 wherein Commissioner upheld the demand of ₹ 199.13 Lakhs (₹ 199.13 Lakhs) and imposed penalty of ₹ 345.92 Lakhs (345.92 Lakhs). Company filed appeal before CESTAT and received unconditional stay order on order of Commissioner, hence no provision has been made.
- (iii) The ACIT, Central Circle – 1(1), Ahmedabad served an assessment order upon SEL in relation to adjustment of losses incurred by the undertaking of SEL against the eligible income of the undertakings while computing the deductions and other expenses for the assessment year 2005-06, 2006 – 07 & 2007-08 (the “Impugned Order”). SEL preferred an appeal before the CIT (Appeals) – XIV (the “CIT Appeals”) challenging the Impugned Order. The CIT Appeals, through its order, partly disallowed SEL’s claim for deduction and other expenses under Section 80-IA of the IT Act and other expenses, (the “CIT(A) Order”). Subsequently, SEL preferred an appeal before the ITAT challenging CIT (A) Order and the ACIT, Central Circle – 1(1), Ahmedabad also preferred an appeal before the ITAT against the CIT(A) Order. The ITAT, through its order, allowed deductions under Section 80-IA of the IT Act (the “ITAT Order”). The CIT filed a review petition before the ITAT. Subsequently, the CIT preferred an appeal before the Gujarat High Court against the ITAT Order. The aggregate amount of Tax Liability for all the 3 Asst. years involved is ₹ 611.03 Lakhs. The matter is currently pending.
- (iv) The DCIT, Central Circle 1(1), Ahmedabad issued a show cause notice to SEL seeking reasons for not imposing a penalty under Section 271(1)(c) of the IT Act with respect to the alleged concealment of particulars of income and inaccurate particulars being furnished for assessment year AY 2011-12. SEL filed a reply to the show cause notice. The DCIT, Central Circle 1(1), Ahmedabad passed orders for AY 2011-12 imposing total penalty of ₹ 13.25 Lakhs (the “Penalty Order”). Subsequently, SEL has preferred an appeal before the CIT, Appeals-11, Ahmedabad against the Penalty Orders. CIT Appeals-11 has passed the order and drop the penalty proceedings. The DCIT, Central Circle 1(1) filed the appeal with ITAT, Ahmedabad. The matters are currently pending.
- (v) The ACIT, Central Circle 1(1), Ahmedabad served five assessment orders to SEL along with five demand notices for an aggregate amount of ₹ 1277 Lakhs in relation to the assessment years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 on account of disallowance of some expenditure and deductions under Section 80-IA of the IT Act. SEL preferred an appeal before the CIT (Appeals). The CIT Appeals, through its order, allowed the expenditure and deductions amounting to ₹ 5746.80 Lakhs. Subsequently, the ACIT, Central Circle 1(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount involved is ₹ 1953.30 Lakhs. The matter is currently pending.
- (vi) The DCIT, Central Circle 1(1), Ahmedabad has reopened the case for AY 2011-12 and passed the order by disallowing the expenditure of ₹ 378.99 Lakhs. Subsequently, SEL has preferred an appeal before the CIT, Appeals-11, Ahmedabad against the said Orders. The aggregate amount of tax involved is ₹ 244.64 Lakhs. The matter is currently pending.
- (vii) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 450.73 Lakhs and disallow SEL’s claim for deduction for a sum of ₹ 379.47 Lakhs under Section 80IA(4) of the IT Act for assessment years 2012-13 with respect to agreements entered with Gol and state governments for construction of highways and roads. The DCIT, Central Circle 1(1), Ahmedabad further held that SEL is a contractor who executed the work and was not eligible for such deductions. SEL preferred an appeal before the CIT, Central Circle- 1(1). The CIT Appeals, through its order, allowed the expenditure and deductions amounting to ₹ 829.90 Lakhs. Subsequently, the ACIT, Central Circle 1(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 269.36 Lakhs. The matter is currently pending.
- (viii) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 377.87 Lakhs and disallow SEL’s claim for deduction for a sum of ₹ 7716.78 Lakhs under Section 80IA(4) of the IT Act for assessment year 2013-14. SEL has preferred an appeal before the CIT(A), Ahmedabad. The aggregate amount of tax involved is ₹ 836.74 Lakhs. The matter is currently pending.
- (ix) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 448.85 Lakhs and disallowed SEL’s claim for deduction for a sum of ₹ 2993.28 Lakhs under Section 80IA(4) of the IT Act for assessment year 2014-15. SEL has preferred an appeal before the CIT(A), Ahmedabad. The aggregate amount of tax involved is ₹ 1048.50 Lakhs. The matter is currently pending.

- (x) The Deputy Commercial Tax Commissioner, Audit Division-1 Ahmedabad has passed order against "Jilin Sadbhav JV" for VAT demand of ₹ 702.00 Lakhs inclusive of interest ₹ 330.18 Lakhs and Penalty of ₹ 74.36 Lakhs. In Jilin-Sadbhav JV, Sadbhav Engineering Limited is having 48% share. Against this Order the Joint Venture has filed an appeal in the Gujarat Value Added Tax Tribunal at Ahmedabad. The Tribunal, through its order, granted a stay against the recovery of outstanding demand on payment of ₹ 15 Lakhs. The company has paid ₹ 15.00 Lakhs. hence no provision has been made.
- (xi) The Company has received a show cause notice from the office of Mining Engineer, Mines and Geology Department, Udaipur on 05/02/2014 imposing penalty of ₹ 81.32 Lakhs under rule 63, 37A (IX) of Rajasthan Minor Mineral Concession Rules, 1986. The Company has filed a Civil Writ Petition No.2635/2014 in The High Court of Rajasthan against the said notice. The Company has deposited ₹ 30.00 Lakhs with the Mining Engineer, Mines and Geology Department, Udaipur as per stay order of the Honourable Court. Further proceeding is pending, hence no provision has been made.
- (xii) The Deputy commissioner of Commercial Taxes, Jharkhand has passed an Assessment Order under Jharkhand Value Added Tax, 2005 for FY 2010-11 for demand of ₹ 77,40,217 and also has passed order for FY 2011-12 with demand of ₹ 1,52,83,176/-. The company has filed Revision Application against both the orders to the "The Commissioner, Commercial Taxes Department - Jharkhand" therefore the same has not been provided in the Books of Accounts.
- (xiii) The Dy. Excise & Taxation Commissioner cum Revisional Authority Sirsa has passed the Revised Order u/s 34(2) of Haryana Value Added Tax Act 2003 for FY 2010-11 with demand of ₹ 10,44,692 which includes Interest of ₹ 5,22,346/-. The same Authority has also passed the Revised Order for FY 2011-12 for demand of ₹ 1,49,40,414/- which includes the Interest of ₹ 67,31,395/- The Company has filed the Appeal against these orders to the Honourable "VAT Tribunal, Haryana", therefore the same has not been provided in the Books of Accounts.
- (xiv) The Assessing Authority, Sirsa (Haryana) has passed the Order u/s 15(2) of Haryana Value Added Tax Act, 2003 for the FY 2012-13 with demand of ₹ 1,43,50,963 which includes interest of ₹ 55,01,977. The Company has filed the Appeal against this order to The Appellate Authority Haryana other than Tribunal, u/s 33 of HVAT Act, 2003.
- (xv) (i) A case before Workmen Compensation Commissioner, udaipur was filled for compensation of ₹ 11.69 Lakhs under Employees Compensation Act, 1923. The matter is currently pending.
- (ii) A case before Labour Court, Jabalpur was filed for compensation of ₹ 15.40 Lakhs under Industrial Dispute Act, 1947. The matter is currently pending.
- (iii) An employee has filed case before Labour court at Balaghat for compensation of ₹ 13.20 Lakhs under Workmen Compensation Act, 1923. The matter is currently pending.
- (b) Other Money for which the company is contingently liable:-
- (i) The Finance Act (2), 2009 has amended Section 80IA(4) of the Income Tax Act, 1961 by substituting an explanation to Section 80IA with restrospective effect from 01.04.2000. On the basis of legal opinion and decided cases, the Company has continued to claim deduction under section 80-IA(4) of the Act on eligible projects and consequently the Company considers it appropriate not to create a liability for provision of Income Tax. However an amount of Total income tax of ₹ 5362.73 Lakhs on claim of deduction u/s 80IA for the AY 2013-14 to AY 2016-17 has been consider as contingent liability for which assessment is not completed.
- (ii) Siddharth Infraprojects Private Limited (the "Claimant") has initiated an arbitration proceeding against SEL in relation to a sub-contract agreement dated October 31, 2007 between the Claimant and SEL. Pursuant to the aforesaid sub-contract agreement, SEL sub contracted the work under the main contract between SEL and MPRDC for rehabilitation and upgradation of package 11 of Seoni Chiraidongri Road. The Claimant has alleged that SEL had committed breaches of the terms of the sub-contract agreement by unilaterally reducing its scope of work covered under the sub-contract agreement without the permission of the MPRDC. The Claimant has claimed an aggregate amount of ₹ 8160 Lakhs on account of, inter alia: (i) amount not paid for the work done; (ii) overhead losses suffered by the Claimant; (iii) losses suffered on account of profit not earned at appropriate time; (iv) loss of productivity; (v) opportunity losses; (vi) compensation for interest charges paid to the bank; (vii) loss due to under utilised tools, plants and machineries. SEL has been submitted its statement of defence before the Arbitral Tribunal. The aggregate amount involved is ₹ 8160 Lakhs. The matter is currently pending .
- (c) Guarantees
- Company has given corporate guarantee to banks for ₹ 57757.00 Lakhs (₹ 76136.00 Lakhs) against the finance facility given by the banks to subsidiary companies.
- (d) During the FY 2013-14, minority shareholders of Bijapur Hungud Tollway Private Limited ('BHPTL') (a step down subsidiary of the Company) has filed company petition no 78 of 2013 under section 347 and 398 of the Companies Act, 1956 with the Company Law Board - Mumbai Bench against Sadbhav Engineering Ltd a holding Company and its associates/affiliates wherein the company is also defendant. The Company Law Board (CLB) passed an order in favour of the minority shareholder although company pleaded that matter should be referred for arbitration as per shareholder agreement (SHA). Against the CLB order the company filled Special Civil Application (SCA) with Hon'ble High Court of

Gujarat that matter of minority shareholder should be referred as per SHA. Hon'ble High Court accepted SCA of the company and granted interim relief where by further proceeding of CLB have been stayed. Currently the matter is pending before Hon'ble High Court of Gujarat. The management believes that, based on legal advice, the outcome of above contingencies will be favourable and that any loss is not probable. Accordingly, no amounts have been accrued or paid in regard to dispute.

**B Capital & other Commitments**

The followings are the estimated amount of contractual commitments of the company:- (₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
(i) Sub Ordinate Debt/Equity Shares in Subsidiaries	2193.20	18162.00
(ii) Other Commitment	0.00	74.16

C During the year ended March 31, 2016 the amount of per share dividend recognised as distribution to equity share holders is ₹ 0.70 (₹ 0.70) which comes to ₹ 1200.74 Lakhs (₹ 1200.51 Lakhs).

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

The company uses Interest Rate Swap and Currency Option 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 are as under:

Particulars	As at March 31, 2016	As at March 31, 2015
Currency Option-Repayment		
- Equivalent INR	8111.85	11957.14
- Equivalent USD	132.67	210.78
Interest Swap		
- Equivalent INR	1626.48	2497.04
- Equivalent USD	24.52	39.89

**Un-hedged Foreign Currency Exposure**

Particulars	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
Principal & Interest Payable on Loan	8.57	568.47	10.32	645.94

ECB from Standard Chartered Bank is hedged for currency movements from the range of ₹ 65.50 to ₹ 80/-, ECB of USD 15mn from DBS is hedged for currency movements from the range of ₹ 44.50 to ₹ 52/- and ECB from ICICI is hedged for currency movements from the range of ₹ 53.7125 to 61.7125.

**2.33 Employee Benefits**

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

(a) Defined Contribution Plan:-

Contribution to Defined Contribution Plan, recognized as expenses for the year is as under:- (₹ in Lakhs)

Particulars	2015-2016	2014-2015
Employer's Contribution to Provident Fund	443.85	350.02

(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 year end.

The following tables set out the funded status of the gratuity plan and the amount recognised by the company's financial statements as at year end.

(i) **Net Assets /Liability recognized in the Balance Sheet are as follows:** (₹ in Lakhs)

Particulars	2015-2016	2014-2015
(a) Present Value Funded Obligations	438.49	367.74
(b) Fair Value of Plan Assets	393.38	375.00
(c) Liability Recognized in the Balance Sheet	0.00	0.00



(ii) **Expenses recognized in Profit & Loss Statement (Under the head “Expenses on Employees - Contribution to Provident & Other Funds” (Refer Note 2.26))**

Particulars	2015-2016	2014-2015
(a) Current Service Cost	119.66	69.18
(b) Interest on obligation	27.83	21.89
(c) Expected Return on plan assets	(37.44)	(29.15)
(d) Net Actuarial Losses / (Gains) recognized in the year	(59.70)	60.17
(e) Expenses deducted from Fund	2.01	0.00
(f) Losses / Gain on curtailment & Settlement	0.00	0.00
<b>NET GRATUITY COST</b>	<b>52.36</b>	<b>122.09</b>

(iii) **Reconciliation of Opening & Closing balance of Gratuity is as follows:-** (₹ in Lakhs)

Particulars	2015-2016	2014-2015
(a) Opening Defined Benefit Obligation	367.74	251.11
(b) Service Cost for the year	119.66	69.18
(c) Interest Cost for the year	27.83	21.89
(d) Actuarial Losses / (Gain)	(63.71)	56.14
(e) Benefits Paid	(13.03)	(30.58)
<b>Closing Defined Benefit obligation</b>	<b>438.49</b>	<b>367.74</b>

(iv) **Reconciliation of Opening & Closing Balance of Fair Value of Plan Assets:** (₹ in Lakhs)

Particulars	2015-2016	2014-2015
(a) Opening fair value of plan assets	375.00	290.66
(b) Expenses Deducted from Fund	(2.01)	(5.21)
(c) Expected Return	37.44	29.15
(d) Actuarial Gains	(4.01)	(4.02)
(e) Contribution by the employer	0.00	95.00
(f) Benefits paid	(13.04)	(30.58)
<b>Closing fair value of the plan assets</b>	<b>393.38</b>	<b>375.00</b>

(v) **Major Category of plan assets as a percentage of total plan assets as on 31-03-2016 are as under:-**

Particulars	2015-2016	2014-2015
(a) Government of India Securities		
(b) High Quality Corporate Bonds		
(c) Equity Shares of Listed Companies		
(d) Property		
(e) Policy administered by L.I.C. of India	100%	100%
(f) Bank Balance		

(vi) **Principal Actuarial assumptions at Year End:-**

Particulars	2015-2016	2014-2015
(a) Discount Rate as at year end	7.95%	7.80%
(b) Expected return on plan assets at year end	7.95%	8.75%
(c) Proportion of employees opting for early retirement		
Age Band		
Less than 25	25.00%	5.00%
26 to 35	20.00%	4.00%
36 to 45	15.00%	3.00%
46 to 55	10.00%	2.00%
56 & Above	5.00%	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.

### 2.34 Segment Reporting

As permitted by Paragraph 4 of Accounting Standard -17, “Segment Reporting”, notified pursuant to the Companies (Accounting Standard) Rules 2006, if a single financial report contains both consolidated financial statement and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. This financial report contains both standalone & consolidated financial statements of the parent, hence segment wise Revenue Results and Capital employed are given in consolidated financial statements.

## 2.35 List of Related Parties

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

#### Subsidiary:

Sadbhav Infrastructure Project Limited and Mysore-Bellary Highway (P) Ltd.

#### Step-down Subsidiaries:

Nagpur-Seoni Express Way Limited, Ahmedabad Ring Road Infrastructure Limited, Aurnagabad-Jalna Tollway Limited, Rohtak Panipat Tollway Pvt. Ltd., Bijapur Hungund Tollway Pvt. Ltd, Hyderabad Yadgiri Tollway Pvt. Ltd. Maharashtra Border Check Post Network Ltd., Shreenathji Udaipur Tollway Pvt. Ltd, Bhilwara Rajsamand Tollway Pvt. Ltd., Dhule Palesner Tollway Ltd. and Rohtak-Hissar Tollway (P) Ltd.

#### Joint Ventures:

SEL-GKC JV, Sadbhav-Annapurna, Sadbhav-Vishnushiva, Sadbhav-Vaishnovi, Corsan Corviam Construction SA - Sadbhav and SADBHAV-PIPL (JV).

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

#### Key Management Personnel (KMP):

Shri Vishnubhai M. Patel, Shri Nitin R. Patel, Shri Shashinbhai V. Patel, Shri Vasistha C. Patel, Shri Vikram R. Patel, Shri Tushar D. Shah.

#### Relatives of KMP:

Smt. Shantaben V. Patel, V. M. Patel (HUF), Alpa Dharmin Patel, Bhavna V. Patel, Rekhaben V. Patel, Truptiben V. Patel, Rajeshriben Patel, Girishbhai N. Patel.

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

Sarjan Infracon Pvt. Ltd., Veer Procon Ltd., Sadbhav Finstock Pvt.Ltd., Sadbhav Realty Pvt. Ltd., Sadbhav Quarry Works Pvt. Ltd., Sadbhav Public Charitable Trust, Bhavna Engineering Company Pvt. Ltd., Saakar Infra Nirman Pvt. Ltd.

(₹ in Lakhs)

Transactions	Subsidiaries & Step Down Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Relative of KMP and Enterprises over which KMP/Relatives of KMP having significant influence	TOTAL
Sub contracting Income	1,69,815.60	-	63,007.65	-	-	2,32,823.26
	(1,42,385.00)	(--)	(39,952.43)	(--)	(--)	-1,82,337.42
Providing of services	133.35	-	-	-	-	133.35
	(121.35)	(--)	(--)	(--)	(--)	(121.35)
Sub contracting Expenditure	4,973.33	-	-	-	4,665.88	9,639.21
	(--)	(--)	(--)	(--)	(9,190.97)	(9,190.97)
Remuneration Expenses	-	-	-	371.44	-	371.44
	(--)	(--)	(--)	(356.51)	(--)	(356.51)
Interest Expenses	-	-	-	20.74	7.77	28.51
	(--)	(--)	(--)	(121.22)	(5.70)	(126.92)
Interest Income	6,522.59	-	-	-	-	6,522.59
	(4,912.57)	(--)	(--)	(--)	(--)	(4,912.57)
Rent & Service charges	-	-	-	-	-	-
	(--)	(--)	(--)	(--)	(--)	-
Sale of Assets	-	-	-	-	91.28	91.28
	(--)	(--)	(--)	(2.00)	(424.84)	(426.84)
Purchase of Assets	205.00	-	-	-	92.00	297.00
	(--)	(--)	(--)	(--)	(--)	-
Other Expenses	853.90	-	-	-	-	853.90
	(1,121.43)	(--)	(1,344.30)	(--)	(--)	(2,465.73)
Sale of Shares	4,697.48	-	-	-	-	4,697.48
	(3,101.44)	(--)	(--)	(--)	(--)	(3,101.44)
Purchase/Subscription of Shares	2,562.14	-	-	-	-	2,562.14
	(3,367.46)	(150.28)	(--)	(--)	(--)	(3,517.74)
Conversion of our CCD to Equity Shares	-	-	-	-	-	-
	(7,500.00)	(--)	(--)	(--)	(--)	(7,500.00)
Issue of Shares on Conversion of Warrants	-	-	-	-	-	-
	(--)	(--)	(--)	(9,260.00)	-	(9,260.00)

Loan given during the year	8,315.54	-	-	-	-	8,315.54
	(11,883.22)	(--)	(--)	(--)	(--)	(11,883.22)
Loan Received During the Year	-	-	-	513.70	69.73	583.43
	(--)	(--)	(--)	(3,534.55)	(--)	(3,534.55)
Mobilization Advance Received during the year	-	-	3,156.79	-	-	3,156.79
	(10,171.90)	(--)	(4,312.21)	(--)	(--)	(14,484.11)
Mobilization Adv Given during the year	-	-	-	-	-	-
	(--)	(--)	(--)	(--)	(245.64)	(245.64)
Security Deposit - Retention Deducted during the year - Receivable	7,989.05	-	3,723.19	-	-	11,712.24
	(6,700.48)	(--)	(2,909.61)	(--)	(--)	(9,610.10)
Security Deposit - Retention Deducted from Sub Contract given - Payable	-	-	-	-	298.17	298.17
	(--)	(--)	(--)	(--)	(449.10)	(449.10)
Donation Given	-	-	-	-	22.25	22.25
	(--)	(--)	(--)	(--)	(0.35)	(0.35)
Dividend Paid during the year	-	-	-	257.18	307.22	564.40
	(--)	(--)	(--)	(201.18)	(302.50)	(503.68)
Advance received during the year for Issue of Convertible Warrant	-	-	-	-	-	-
	(--)	(--)	(--)	(--)	(--)	-
Balance Receivable at the year end	19,926.26	-	7,210.36	-	-	27,136.62
	(24,678.45)	(--)	(6,461.44)	(--)	(--)	(31,139.90)
Balance Payable at the year end	813.87	-	-	-	266.38	1,080.25
	(--)	(751.75)	(--)	(--)	(694.69)	(1,446.45)
Closing Balance: Loan Given during year	63,940.00	-	-	-	-	63,940.00
	(55,615.83)	(--)	(--)	(--)	(--)	(55,615.83)
Closing Balance: Mobilization Advance Received	1,189.12	-	834.74	-	-	2,023.86
	(26,185.55)	(--)	(4,183.72)	(--)	(--)	(30,369.27)
Closing Balance: Mobilization Advance Given	-	-	-	-	-	-
	(--)	(--)	(--)	(--)	28.05	28.05
Closing Balance: Security Deposit - Receivable	1,856.90	-	6,274.03	-	-	8,130.93
	(1,950.80)	(499.02)	(5,196.47)	(--)	(--)	(7,646.29)
Closing Balance: Security Deposit - Payable	-	-	-	-	411.39	411.39
	(--)	(--)	(--)	(--)	(394.80)	(394.80)
Closing Balance: Loan Received during year	-	-	-	-	139.62	139.62
	(--)	(--)	(--)	(748.37)	(62.12)	(810.49)
Closing Balance: Advance Received for Issue of Convertible Warrant	-	-	-	-	-	-
	(--)	(--)	(--)	(--)	(--)	-
Closing Balance: Advance Received for Sale of Shares	0.02	-	-	-	-	0.02
	(2,678.02)	(--)	(--)	(--)	(--)	(2,678.02)

**NOTE:-**

- Sub-contracting income from step-down subsidiaries includes ₹ 53722.23 Lakhs (₹ 9091.28 Lakhs), ₹ 62640.36 Lakhs (₹ 44618.85 Lakhs) and ₹ 31134.04 Lakhs (₹ 24849.90 Lakhs) from Mysore-Bellary Highway Pvt. Ltd., Rohtak Hissar Tollway Pvt. Ltd. and Bhilwara Rajsamand Tollway Pvt. Ltd. respectively and at the year end ₹ 2523.88 Lakhs (₹ 2312.40 Lakhs), ₹ 2512.60 Lakhs (₹ 2816.98 Lakhs) and ₹ 1592.20 Lakhs (₹ 6233.93 Lakhs) are receivable respectively from the above parties.
- Sub-Contract Expenditure of relatives of Key Managerial Personnel and Enterprise over which Relatives of Key Managerial Persons have Significant Influence includes ₹ 1983.42 Lakhs (₹ 2381.43 Lakhs) payable to Sarjan Infracon Pvt. Ltd. and ₹ 2645.09 Lakhs (₹ 2310.28 Lakhs) to Bhavna Engg. Co. Pvt. Ltd. and at the year end ₹ 208.00 Lakhs (₹ 425.37 Lakhs), and ₹ 24.14 Lakhs (₹ 259.63 Lakhs) are outstanding respectively of the above parties.

**2.36 AS per Accounting Standard-19 “Leases”, the disclosure of Operating Leases as defined in the accounting standard are as follows:**

(a) The total of future minimum lease payments under non-cancellable operating leases are for each of the following periods:

Particulars	2015-2016	2014-2015
Not later than one year	159.02	0
Later than one year and not later than five years	615.70	0
Later than five years	66.87	0

(b) The Company has recognised lease payment of ₹ 66.77 lakhs (₹ Nil) in the statement of profit and loss under the head “Machinery Rent” during the year.

(c) The general discrimination of significant leasing arrangements:

At the conclusion of the Term, Lessee has right to exercise one or more of the following options.

- Request Lessor to agree to a renewal of Term or
- Surrender the Equipment as provided. Upon receipt of the Equipment by Lessor or Lessor’s agent, the Rental Schedule shall terminate with no further obligation or liability on Lessee.
- Purchase the Equipment at the Fair Market Value. In cases, wherever Minimum Value is specified in the applicable Rental Schedule, Lessee shall have the option to buy the Equipment at higher of the Minimum Value or Fair Market value.

**2.37 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	SEL-GKC (Radhanpur-Manpura)	Jointly Controlled Operation	52%
2	SEL-GKC (Vishakhapatnam Project)	Jointly Controlled Operation	50%
3	SEL-GKC (Omkareshwar Project)	Jointly Controlled Operation	60%
4	SEL-GKC (Karimnagar Project)	Jointly Controlled Operation	52%
5	SEL-GKC (Omkareshwar Project)	Jointly Controlled Operation	40%
6	SEL-GKC (Managuru Project)	Jointly Controlled Operation	51%
7	SEL-GKC (BSHP-II)	Jointly Controlled Operation	50%
8	SEL-GKC (Govindpur Project)	Jointly Controlled Operation	50%
9	SEL-Annapura (Basantimata Project)	Jointly Controlled Operation	80%
10	SEL-Vishnushiva (Maheshpur Project)	Jointly Controlled Operation	75%
11	SEL-Vishnushiva (Jalipa/Kapurdi Project)	Jointly Controlled Operation	98%*
12	SEL-Vaishnovi (Halon Project)	Jointly Controlled Operation	72%
13	Corsan Corviam Const S.A.-SEL (DMRC-CC43)	Jointly Controlled Operation	40%
14	Corsan Corviam Const S.A.-SEL (DMRC-CC47)	Jointly Controlled Operation	40%
15	SADBHAV-PIPL (JV)	Jointly Controlled Operation	51%

\* For Kapurdi Project 75% upto 31/07/2015 and 98% from 01/08/2015. For Jalipa Project 75% during the FY 2015-16. Work order for Jalipa Project yet not received.

**2.38** 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 ”

**2.39 Construction material and store consumed:**

(₹ in Lakhs)

Particulars	2015-2016		2014-2015	
	Value	Percentage	Value	Percentage
(i) Imported	0	0.00%	0	0.00%
(ii) Indigenous	96200.70	100.00%	74269.70	100.00%
<b>Total</b>	<b>96200.70</b>		<b>74269.70</b>	

**2.40 C.I.F. Value of Imports:**

(₹ in Lakhs)

Particulars	2015-2016	2014-2015
(i) Capital goods (Machineries)	3369.21	990.31

**2.41 Expenditure in Foreign currencies:**

(₹ in Lakhs)

Particulars	2015-2016	2014-2015
(i) Traveling Expenses	0.00	1.97
(ii) Interest	340.89	283.04
(iii) Professional Fess	0.00	3.32
(iv) Dividend	180.81	170.98

**2.42 Dividend in Foreign Currency:**

Details of amount remitted during the year in foreign currency on account of dividends

(₹ in Lakhs)

Category of Shareholders	Number of Shares	Number of Shareholders	Amount Remitted during the year	Year to which dividend relates
Foreign Institutional Investor	2,56,96,455	87	179.87	2014-15
	(2,43,27,917)	(45)	(170.29)	2013-14
Non Resident Indians	1,34,291	228	0.94	2014-15
	(98,543)	(169)	(0.69)	2013-14
Total	2,58,30,746	315	180.81	2014-15
	(2,44,26,460)	(214)	(170.98)	2013-14

**2.43 Borrowing Cost:**

During the year, company has capitalized borrowing cost ₹ NIL (58.92 Lakhs) according to AS-16 Borrowing Cost.

**2.44 Payment to Auditors:**

(₹ in Lakhs)

Particulars	2015-2016	2014-2015
(i) For Audit	29.24	26.41
(ii) For Taxation matters	22.85	31.46
(iii) For Certification Works	8.49	7.3
(iv) Reimbursement of Expenses	0.25	0.29
<b>Total</b>	<b>60.83</b>	<b>65.46</b>

**2.45 Prior Period Adjustments (Net):**

The Details of Prior Period Adjustments are as under:

(₹ in Lakhs)

Prior Period Expenses:	2015-2016	2014-2015
Construction Expenses	40.06	270.11
Labour welfare cess	0.00	215.63
Material Consumed	0.00	9.48
Power & Fuel Expenses	49.76	0.00
Professional fee	12.72	11.77
Rates & Taxes	6.21	0.00
Tender Fees	0.00	(67.01)
<b>Total</b>	<b>108.75</b>	<b>439.98</b>

**2.46 Pursuant to Restated Share Purchase Agreement dated October 27, 2015 between Dhule Palesner Tollway Limited (DPTL), Sadbhav Infrastructure Projects Limited (SIPL), a subsidiary company of SEL, Sadbhav Engineering Limited (SEL), the SIPL has acquired 60% equity stake from HCC Group, JLL Group in Dhule Palesner Tollway Limited (DPTL). After acquiring the said shares DPTL become 100% subsidiary of SIPL.**

Pursuant to the Binding Term Sheet dated January 22, 2015 between Company, SIPL and Gammon Infrastructure Projects Company has transferred 1,04,00,000 Shares of Mumbai Nasik Expressway Limited, held on behalf of SIPL, to BIF India Holdings Pte. Ltd for consideration of ₹ 7200.00 lakhs.

**2.47 Details of Exceptional Items:**

(₹ in Lakhs)

Particulars	2015-2016	2014-2015
Claim Settlement with Client	140.00	0.00
Excess Provision Written off	984.83	0.00
Advances Written off	(3069.45)	0.00
<b>Net Amount</b>	<b>(1944.62)</b>	<b>0.00</b>

Income of ₹ 140.00 lakhs: Company and Reliance Industries Limited (Reliance) settled the dispute out of court in regards to civil application filed by Reliance in District Court against the Arbitration award, in favor of the Company. Reliance paid the amount of ₹ 140.00 lakhs as full and final settlement.

Excess Provision of ₹ 984.83 Lakhs has been written back during the year.

Expenses of ₹ 1178.20 lakhs: Osho Ventures FZE, Ocean Bright Corporation Limited and Sadbhav Engineering Limited (collectively referred as "parties") had entered in arbitration proceedings in accordance with Shareholder's agreement dated 15/05/2008 to resolve certain dispute. Arbitral Tribunal has passed an award dated 10th March, 2015 and allowing partial claims of the parties. Thereafter parties desirous to settle the dispute mutually, entered into a Settlement agreement dated 14th July, 2015 and in accordance with it the Company has written off ₹ 1178.20 lakh due from Ocean Bright Corporation Limited against sale of assets.

The Company has written off advance outstanding ₹ 1891.25 Lakhs during the year.

**2.48 DETAILS OF LOAN GIVEN, INVESTMENT MADE AND GUARANTEE GIVEN COVERED U/s 186(4) OF THE COMPANIS ACT. 2013**

Loans given and investment made are given under respective heads.

Corporate Guarantee given by the Company in respect of loans as at March 31, 2016:-

(₹ in Lakhs)

Sr. No.	Name of Company	As at March 31, 2016	As at March 31, 2015
1	Ahmedabad Ring Road Infrastructure Co. Ltd.	4078.00	4288.00
2	Aurangabad Jalna Tollway Ltd.	3679.00	3848.00
3	Sadbhav Infrastructure Project Ltd.	50000.00	68000.00
	<b>Total</b>	<b>57757.00</b>	<b>76136.00</b>

**2.49** No Provision has been made for losses made by subsidiary companies as it is temporary diminution in the value of investments in subsidiaries.

**2.50** In the opinion of the Management, trade receivables and loans and Advances have a realizable value in the ordinary course of business not less than the amount at which they are stated in the balance sheet and provision for all known liabilities and doubtful assets have been made.

**2.51** All amounts in the financial statements are presented in Rupees Lakhs 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.

As per our Audit Report of even date attached

**For Surana Maloo & Co.**  
Chartered Accountants  
Firm Reg. No. 112171W

**S. D. PATEL**  
Partner  
Membership No. 37671

Place : Ahmedabad  
Date : 27-04-2016

For and on behalf of Board

**Vishnubhai M. Patel**  
Chairman & Managing Director  
DIN: 00048287

**Vasistha C. Patel**  
Executive Director  
DIN: 00048324

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

**Tushar D. Shah**  
Company Secretary

# ***Independent Auditors' Report on the Consolidated Financial Statements***

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

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Sadbhav Engineering Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries and its step-down subsidiaries (the Holding Company, its subsidiaries and its step-down subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

## **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, their consolidated loss and their consolidated cash flows for the year ended on that date.

## **Emphasis of Matter**

We draw attention to Note 2.44 of the consolidated financial statements in respect of acceptance and accounting of Intangible Asset/ Intangible Asset under development of ₹ 17,405.70 Lakhs under the Service Concession Arrangement of Maharashtra Border Check Post Network Limited, a step-down subsidiary company, based upon the recommendation made by the project lenders'

engineer and technical experts appointed by the project authorities. Pending final approval by the Government of Maharashtra, no further cost adjustments are considered necessary in these financial statements.

Our conclusion is not qualified in respect of this matter.

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

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies and step-down subsidiaries incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and its step-down subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 2.33 to the consolidated financial statements;
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its step-down subsidiary companies incorporated in India.

#### **Other Matter**

The accompanying consolidated financial statements include total assets of ₹ 13,59,194.73 lakhs as at March 31, 2016, and total revenues and net cash outflows of ₹ 76,238.40 lakhs and ₹ 8246.50 lakhs respectively for the year ended on that date, in respect of 2 subsidiaries and 11 step-down subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

**For SURANA MALOO & CO.**  
Chartered Accountants  
Firm Reg. No. 112171W

**S. D. PATEL**  
PARTNER  
Membership No. 37671

Place : Ahmedabad  
Date : April 27, 2016



# ***Annexure to Independent Auditors' Report on the Consolidated Financial Statements***

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

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

In conjunction with our audit of the consolidated financial statements of Sadbhav Engineering Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Sadbhav Engineering Limited (hereinafter referred to as the "Holding Company"), its subsidiaries and its step-down subsidiary companies, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the of the Holding Company, its subsidiaries and its step-down subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company, its subsidiary companies and its step-down subsidiary companies which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these two subsidiary companies and eleven step-down subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 23, 2016 expressed and unqualified opinion.

**For SURANA MALOO & CO.**  
Chartered Accountants  
Firm Reg. No. 112171W

Place : Ahmedabad  
Date : April 27, 2016

**S. D. PATEL**  
PARTNER  
Membership No. 37671

# Consolidated Balance Sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	2.1	1715.34	1715.01
(b) Reserve and Surplus	2.2	178066.29	152007.07
		<b>179781.63</b>	<b>153722.08</b>
<b>(2) Minority Interest</b>			
		50603.39	18941.29
<b>(3) Non-current Liabilities</b>			
(a) Long Term Borrowings	2.3	806939.85	625554.20
(b) Deferred Tax Liabilities	2.4	2315.76	2440.83
(c) Other Long Term Liabilities	2.5	323516.88	223991.95
(d) Long Term Provisions	2.6	20308.11	9965.20
		<b>1153080.60</b>	<b>861952.18</b>
<b>(4) Current Liabilities</b>			
(a) Short Term Borrowings	2.7	60095.04	41128.98
(b) Trade Payables	2.8	39853.93	47278.75
(c) Other Current Liabilities	2.9	81921.52	53133.82
(d) Short Term Provisions	2.10	15570.14	17142.00
		<b>197440.64</b>	<b>158683.55</b>
<b>TOTAL</b>		<b>1580906.26</b>	<b>1193299.10</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets			
(i) Properties, Plants & Equipments	2.11	57543.21	55610.25
(ii) Intangible Assets	2.12	1047420.17	703170.43
(iii) Capital Work-in-Progress	2.11	0.00	66.80
(iv) Intangible Assets under Development	2.12	247705.02	200933.72
		1352668.40	959781.20
(b) Goodwill on Consolidation	2.11	32721.70	13327.46
(c) Non-current Investments	2.13	608.26	2641.87
(d) Deferred Tax Assets	2.14	0.00	0.00
(e) Long Term Trade Receivables	2.15	3784.45	2926.68
(f) Long Term Loan, Advances and Deposits	2.16	4429.54	15741.05
(g) Other Non Current Assets	2.17	1598.30	5353.40
		<b>1395810.65</b>	<b>999771.66</b>
<b>(2) Current Assets</b>			
(a) Current Investments	2.18	2631.48	470.10
(b) Inventories	2.19	14104.69	21337.17
(c) Trade Receivables	2.20	82174.76	68396.32
(d) Cash and Bank Balances	2.21	12626.92	20479.61
(e) Short-Term Loans and Advances	2.22	61520.82	69190.85
(f) Other Current Assets	2.23	12036.94	13653.39
		<b>185095.62</b>	<b>193527.44</b>
<b>TOTAL</b>		<b>1580906.26</b>	<b>1193299.10</b>

Significant accounting policies & Notes on Accounts forming part of Consolidated Financial Statements

1 & 2

As per our Audit Report of even date attached

For and on behalf of Board

**For Surana Maloo & Co.**

Chartered Accountants  
Firm Reg. No. 112171W

**Vishnubhai M. Patel**

Chairman & Managing Director  
DIN: 00048287

**Nitin R. Patel**

Executive Director & CFO  
DIN: 00466330

**S. D. PATEL**

Partner  
Membership No. 37671

Place : Ahmedabad  
Date : 27-04-2016

**Vasistha C. Patel**

Executive Director  
DIN: 00048324

**Tushar D. Shah**

Company Secretary

## Consolidated Profit and Loss Statement for the Year Ended March 31, 2016

		(₹ in Lakhs)	
Particulars	Note No.	2015-2016	2014-2015
I Revenue from Operations	2.24	387751.50	344678.12
II Other Income	2.25	4462.97	4419.70
<b>III Total Revenue (I+II)</b>		<b>392214.47</b>	<b>349097.82</b>
<b>IV Expenses :</b>			
Cost of Material Consumed	2.26	95161.17	73009.93
Changes in Inventory of finished goods, Work-in-Progress and Stock-in-trade	2.27	0.00	418.20
Construction, Toll Plaza and Road Maintenance Expenses	2.28	177817.13	184208.11
Employee Benefits Expenses	2.29	15266.35	12168.83
Finance Cost	2.30	72601.30	61501.25
Depreciation and amortization Expense		27014.43	21927.32
Amortisation of Goodwill		1727.15	421.09
Other Expenses	2.31	19159.83	16433.32
<b>Total Expenses</b>		<b>408747.35</b>	<b>370088.05</b>
V Profit/(Loss) Before Exceptional Items and Tax (III-IV)		(16532.88)	(20990.23)
VI Exceptional Item (Net of Income)		4215.38	1165.40
VII Profit/(Loss) Before Tax (V-VI)		<b>(12317.50)</b>	<b>(19824.83)</b>
VIII Tax Expense			
(1) Current Tax		3794.85	3986.80
(2) MAT Credit Entitlement		394.55	0.00
(3) Deferred Tax		(125.07)	(524.50)
(4) Short/(Excess) Provision for taxation for earlier years		(2377.49)	(34.72)
<b>IX Profit/(Loss) for the period from continuing Operations (VII-VIII)</b>		<b>(14004.34)</b>	<b>(23252.41)</b>
Add : Share of Loss Transferred to Minority interest		9328.93	8715.61
Less : Reversal of Share of Loss of Minority interest of earlier years		0.00	(2796.30)
Add : Share of Profit/(Loss) of Associates		-	(231.18)
Add : Share of Profit of Joint Venture		-	15.63
<b>Net Profit/(Loss) for the year</b>		<b>(4675.41)</b>	<b>(17548.65)</b>
<b>X Earning per Equity Share: (in Rupees)</b>			
(1) Basic	2.32	(2.73)	(11.18)
(2) Diluted	2.32	(2.73)	(11.18)
Significant accounting policies & Notes on Accounts forming part of Consolidated Financial Statements	1 & 2		

As per our Audit Report of even date attached

For and on behalf of Board

**For Surana Maloo & Co.**  
Chartered Accountants  
Firm Reg. No. 112171W

**Vishnubhai M. Patel**  
Chairman & Managing Director  
DIN: 00048287

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

**S. D. PATEL**  
Partner  
Membership No. 37671

Place : Ahmedabad  
Date : 27-04-2016

**Vasistha C. Patel**  
Executive Director  
DIN: 00048324

**Tushar D. Shah**  
Company Secretary

## Consolidated Cash Flow Statement for the Year 2015-2016

(₹ in Lakhs)

Particulars	2015-2016	2014-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit after Tax as per Profit and loss account	(14004.34)	(23252.41)
Adjustments For :		
Interest Expenses	72601.30	61501.25
Interest Income	(3529.91)	(2630.56)
Depreciation & Amortisation	28741.58	22348.41
Dividend Income	0.00	(6.20)
Profit on sale of Assets	(294.79)	(53.49)
Loss on sale of Assets	173.96	885.32
Profit on sale Mutual funds & Investments	(383.80)	(1351.57)
Stock Option Premium	0.00	85.68
Provision for Taxation	3794.85	3986.80
Bad debts written off and provision for doubtful debt	5.00	11.00
Exceptional Item	(3090.55)	(1294.80)
Sundry balances written back	(4.10)	(101.80)
Excess Provision written back	(2377.49)	(34.72)
MAT Credit Entitlement	394.55	0.00
Deferred Tax Liabilities/(Assets)	(125.07)	(524.50)
	95905.53	82820.82
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>81901.19</b>	<b>59568.41</b>
Adjustment For :		
(Increase)/Decrease of Long Term Trade Receivables	(857.77)	(939.16)
(Increase)/Decrease of Trade Receivables	(13783.44)	(10829.70)
(Increase)/Decrease of Other Current Assets	1616.45	(2467.68)
(Increase)/Decrease of Other Non Current Assets	3755.10	208.40
(Increase) /Decrease in Inventories	7232.48	(4955.07)
(Increase)/Decrease of Long Term Loans and Advances	(23511.34)	2728.51
(Increase)/Decrease of Short Term Loans and Advances	8876.92	(13214.04)
(Increase)/Decrease of Other Long Term Liabilities	(7493.27)	(324.13)
(Increase)/Decrease of Long-Term Provisions	7854.31	5951.49
Increase/(Decrease) of Trade Payables	(7420.72)	8496.98
Increase/(Decrease) of Other Current Liabilities	25480.88	1485.22
Increase/(Decrease) of Short Term Provision	3075.42	(415.63)
	4825.02	(14274.81)
Cash generated from Operations	86726.21	45293.60
Tax Paid	(8009.15)	(6792.32)
	(8009.15)	(6792.32)
<b>Net Cash From Operating Activities</b>	<b>78717.06</b>	<b>38501.28</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>		
Purchase of Fixed Assets	(12044.89)	(15840.97)
Sales of Fixed Assets	2095.82	947.83
Increase in Intangible Assets completed/under development	(163145.49)	(126014.19)
(Increase)/Decrease in Current Investments	(1777.58)	11167.37
(Increase)/Decrease in Other Bank Balance & FD	(38.58)	(1254.63)
(Increase)/Decrease in Other Non Current Investments	1852.14	(84.39)
Proceeds from transfer of long term beneficial interest in equity shares Interest	7200.00	0.00
Payment towards acquisition of subsidiaries/Minority Interest	(5502.90)	(7299.35)
Interest Received	3529.91	2630.56
Dividend Received	0.00	6.20
	(167831.57)	(135741.57)
<b>Net Cash From Investing Activities</b>	<b>(167831.57)</b>	<b>(135741.57)</b>

## Consolidated Cash Flow Statement for the Year 2015-2016

(₹ in Lakhs)

Particulars	2015-2016	2014-2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds From Long Term Borrowings	330342.40	168409.58
Proceeds From Short Term Borrowings (Net)	15628.21	(1410.97)
Repayment of Long Term Borrowings	(266528.12)	(26310.03)
Net Increase/(Decrease) in Working Capital Loan	3337.85	(4239.59)
Proceeds From Share Capital	15.07	32077.13
Share Issue Expenses (QIP Expenses)	0.00	(546.13)
Grant from Government Authorities (in the nature of promoters contribution)	31243.72	13030.30
Received from Minority against Issue of Shares of SIPL & MBHPL Net off share issue expenses	40991.08	
Interest Paid	(72601.30)	(76095.05)
Dividend Paid	(1200.74)	(1063.04)
Dividend Tax Paid	(244.44)	(187.67)
	80983.74	103664.53
<b>Net Cash From Financing Activities</b>	<b>80983.74</b>	<b>103664.53</b>
NET INCREASE IN CASH & CASH EQUIVALENTS ( A+B+C )	(8130.77)	6424.24
OPENING BALANCE OF CASH & CASH EQUIVALENTS	17391.61	10967.37
CASH & CASH EQUIVALENTS ON ACQUISITION OF SUBSIDIARIES	239.50	0.00
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>9500.34</b>	<b>17391.61</b>
<b>COMPONENTS OF CASH &amp; CASH EQUIVALENTS</b>		
CASH ON HAND	420.89	278.90
BALANCE IN CURRENT ACCOUNT WITH BANKS	6308.45	13562.41
BALANCE IN FIXED DEPOSITS NOT KEPT AS MARGIN	250.00	250.00
IN DEPOSIT ACCOUNTS EARNED FOR DEBT SERVICE RESERCE	2521.00	3300.30

**Notes:**

1. The cash flow statement has been prepared under Indirect Method as per Accounting Standard - 3 "Cash Flow Statement".
2. All figures in bracket are outflow.
3. Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
4. Previous year figures have been recast / restated wherever necessary.

As per our Audit Report of even date attached

For and on behalf of Board

**For Surana Maloo & Co.**

Chartered Accountants  
Firm Reg. No. 112171W

**Vishnubhai M. Patel**

Chairman & Managing Director  
DIN: 00048287

**Nitin R. Patel**

Executive Director & CFO  
DIN: 00466330

**S. D. PATEL**

Partner  
Membership No. 37671

Place : Ahmedabad  
Date : 27-04-2016

**Vasistha C. Patel**

Executive Director  
DIN: 00048324

**Tushar D. Shah**

Company Secretary

# Notes on Accounts forming part of Consolidated Financial Statements

## Note No. 1

### 1.1 Corporate Information:

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

Sadbhav Infrastructure Project Limited (SIPL), subsidiary company, is engaged in development, construction as well as operation & maintenance of infrastructure projects and related consulting and advisory services. SIPL undertakes infrastructure development projects directly or indirectly through Special Purpose Vehicles (SPVs) as per the concession agreements.

Mysore Bellary Highway Projects Limited (MBHPL), subsidiary company and all other step down subsidiaries are the Special Purpose Vehicles (SPVs) incorporated to undertake the specific project.

### 1.2 Basis of Preparation of Consolidated Financial Statements:

The Consolidated Financial Statements of the group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with Accounting Standard specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. These consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies have been consistently applied by the group and are consistent with those followed in the previous year.

### 1.3 Principles of Consolidation:

The consolidated financial statements relate to the Company (SEL) and its subsidiaries, Step down Subsidiaries and Joint Ventures hereinafter referred to as the 'Group'. The consolidated financial statements have been prepared on the following basis:

- a) The consolidated financial statements of the Group have been prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements" as notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014
- b) The Financial Statements of the subsidiaries and step- down subsidiaries are prepared for the same reporting year as the parents company, using consistent accounting policies. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies consistent with the Company's standalone financial statements for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. Any variation in accounting policies is disclosed separately.
- c) The financial statements of the Company, its subsidiary companies and step-down subsidiaries have been consolidated to the extent possible 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 except as stated in point no 1.3(d). The results of subsidiaries acquired during the year are included in the Statement of Profit and Loss from the effective date of acquisition. The amount shown in respect of reserves comprises the amount of relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition change in the relevant results of the subsidiaries.
- d) The Build, Operate & Transfer (BOT)/ Design, Build, Finance, Operate & Transfer (DBFOT) contracts are governed by service concession agreements with government authorities (Grantor). Under these agreements, the operator (Group Companies) which are Special Purpose Vehicles, does not own the infrastructure assets, but gets toll collection/user fee rights against the construction services rendered. Since the construction revenue earned by the group companies is considered as exchanged with grantor against toll collection/user fee rights, profit from such contracts is considered as realized.

Accordingly BOT/DBFOT contracts awarded to subsidiaries and step-down subsidiaries (operators), where the work is sub-contracted to parent company, the intra group transactions on BOT/DBFOT contracts and the profits arising thereon are taken as realized and not eliminated for consolidation under Accounting Standard - 21.

- e) The excess of cost of the Company's investments in each subsidiary, jointly controlled entity over the Group's share in equity of such entities, at the date on which such investment is made, is recognized as Goodwill and included as an asset in the Consolidated Balance Sheet and is tested for impairment annually. The excess of the Group's share in equity of each subsidiary, step down subsidiaries and jointly controlled entity at the date on which the investment is made, over the cost of

## Notes on Accounts forming part of Consolidated Financial Statements

the investment is recognized as Capital Reserve and included as Reserves and Surplus under Shareholders' Equity in the Consolidated Balance Sheet. Any change in the cost of the investment in subsidiaries, step down subsidiaries or jointly controlled entity post the acquisition thereof is effected by way of change in the goodwill on consolidation or capital reserve on consolidation, as the case may be.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of profit and loss and consolidated balance sheet, separately from parent shareholders' equity. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Parent Company.

- f) Investment in Joint Ventures has been accounted as per AS 27 – “Financial reporting of Interest in Joint Ventures”.
- g) The list of subsidiaries, step-down subsidiaries, & Joint Ventures included in consolidation and the company's holding therein are as under:

Information pertaining to Subsidiaries				
Sr. No.	Name	Country of Incorporation	Proportion of Ownership Interest as at 31-03-2016	Proportion of Ownership Interest as at 31-03-2015
1	Sadbhav Infrastructure Projects Ltd. (SIPL)	India	68.35%	77.42%
2	Mysore Bellary Highway Private Limited (MBHPL)	India	74.00%***	74.00%***

Information pertaining to Step-down Subsidiaries (Subsidiaries of SIPL)				
Sr. No.	Name	Country of Incorporation	Proportion of Ownership Interest as at 31-03-2016	Proportion of Ownership Interest as at 31-03-2015
1	Ahmedabad Ring Road Infrastructure Ltd (ARRIL) (refer note no (i) below)	India	100.00%	100.00%
2	Aurangabad Jalna Tollway Ltd. (AJTL)	India	100.00%	100.00%
3	Bijapur Hungund Tollway Private Ltd. (BHTPL)	India	77.00%	77.00%
4	Hyderabad Yadgiri Tollway Private Ltd. (HYTPL)	India	100.00%	100.00%
5	Maharashtra Border Check Post Network Ltd (MBCPNL)	India	90.00%*	90.00%*
6	Rohtak Panipat Tollway Private Ltd. (RPTPL)	India	100.00%	100.00%
7	Shreenathji Udaipur Tollway Private Limited (SUTPL)	India	100.00%	100.00%
8	Bhiwara Rajsamand Toll Way Private Ltd. (BRTPL)	India	100.00%	100.00%
9	Rohtak Hissar Tollway Private Ltd. (RHTPL)	India	100.00%	100.00%
10	Nagpur-Seoni Expressway Ltd. (NSEWL) (Refer Note (ii) below)	India	100.00%	100.00%
11	Dhule Palesner Tollway Ltd. (DPTL)	India	100.00%	28.00%****

\* 12% SEL and 78% SIPL \*\*\* 74% by SEL \*\*\*\* 26% SEL and 2% SIPL

### Note:

- ARRIL, AJTL, HYTPL, NSEWL, RPTPL, RHTPL, SUTPL, BRTPL and DPTL converted to 100% subsidiary of SIPL.
- SIPL has completed the 100% acquisition of equity shares in Dhule Palesner Tollway Private Limited ('DPTL') w.e.f. October 29, 2015 in terms of Restated Share Purchase agreement dated October 29, 2015 with JV partner HCC Concessions Limited ('HCC') The transfer formalities for 21,046,680 shares from HCC and 14,031,120 shares from SEL were in process as at March 31, 2016.



## Notes on Accounts forming part of Consolidated Financial Statements

Information pertaining to Joint Ventures				
Sr. No.	Name of Joint Venture	Country of Incorporation	Proportion of Ownership Interest as at 31-03-2016	Proportion of Ownership Interest as at 31-03-2015
1	SEL-GKC JV			
	Radhanpur-Manpura Project	India	52%	52%
	Vishakhapatnam Project	India	50%	50%
	Omkareshwar Project	India	60%	60%
	Karimnagar Project	India	52%	52%
	Omkareshwar Project	India	40%	40%
	Managuru Project	India	51%	51%
	BSHP-II Project	India	50%	50%
	Govindpur Project	India	50%	50%
2	SEL-Annapurna JV	India	80%	80%
3	SEL-Vishnushiva JV	India	98%**	75%
4	SEL-Vaishnovi JV	India	72%	72%
5	Corsan Corviam Const S.A.-SEL	India	40%*	40%
6	SADBHAV-PIPL (JV)	India	51%	NA

\* As per MOU dated January 7, 2015, SEL has taken over and will execute the entire Works in conformity with the terms and conditions of the Contract Documents.

\*\* For Kapurdi project 75% up to 31/07/2015 and 98% from 01/08/2015. For Jalipa Project 75% during the FY 2015-16. Work order for Jalipa Project yet not received.

### Note-1.3 Significant Accounting Policies

#### a) Use of accounting Estimates:

The preparation of the consolidated financial statements in conformity with Indian GAAP requires management to make judgment, estimates and assumptions that affect reported amounts of revenue, expenses, assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements. 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 liability will be incurred and the amount can be reasonably estimated. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### b) Accounting for rights under Concession agreements:

##### (i) Recognition and Measurement

The Group builds infrastructure assets under public-to-private Concession Arrangements which it operates and maintains for periods specified in the Concession Arrangements.

Under the Concession Agreements, where the Group has received the right to charge users of the public service, such rights are recognised and classified as "Intangible Assets". Such right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recognised and classified as intangible assets. Such an intangible asset is recognised by the Group at cost (which is the fair value of the consideration received or receivable for the construction services delivered) and is capitalized when the project is complete in all respects and when the subsidiary or step-down subsidiary companies receives the completion certificate from the authority as specified in the Concession Agreement and in case of MBCPNL (entity operating multiple border checkposts in the state of Maharashtra), each check post is capitalised when the MBCPNL receives completion certificate from the authority. The economics of the project is for the entire length of the road / infrastructure as per the bidding submitted by the Group companies.

Under the Concession Agreements, where the Group has acquired contractual rights to receive specified determinable amounts, such rights are recognised and classified as "Right for Annuity fees" under Intangible assets, even though payments are contingent on the Group ensuring that the infrastructure meets the specified quality or efficiency requirements.

Consideration for various services (i.e. construction or upgrade services, operation and maintenance services, overlay

## Notes on Accounts forming part of Consolidated Financial Statements

services) under the Concession Agreements is allocated on the basis of costs actually incurred or the estimates of cost of services to be delivered.

(ii) Premium capitalization

Under some of the concession agreements, the Group has contractual obligation to pay premium (concession fees) to National Highway Authority of India ("NHAI"), Grantor, over the concession period. Such obligation has been recognised upfront on an undiscounted basis when the project gets completed as per the Concession Agreements as 'Intangible assets - Toll Collection Right' and corresponding obligation for committed premium is recognised as liabilities.

(iii) Contractual obligation to restore the infrastructure to a specified level of serviceability

The Group has contractual obligations to maintain the road / infrastructure to a specified level of serviceability or restore the road / infrastructure to a specified condition before it is handed over to the grantor of the Concession Agreements. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of intangible assets, the timing and amount of such cost are estimated and determined by estimated cash flows, expected to be incurred in the year of overlay. Such costs are recognised by charging it to revenue on the basis of units of usage method i.e. on the number of vehicles expected to use the project facility, over the period at the end of which the overlay is estimated to be carried out based on management estimates.

(iv) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will follow to the group and the revenue can be reliably measured. Following is the specific recognition criteria must also be met before income is recognized.

Toll / Infrastructure Service Income:

The revenue is recognized in the period of collection which generally coincide as and when the traffic passes through toll - plazas / usage of the public services. In case of NSEL, annuity income for the project is recognised on accrual basis.

Revenue from Operating and Maintenance Services and from overlay services is recognised in the period in which such services are rendered.

Contractual Income:

Contract revenue and costs associated with project related activities is recognized as by reference to the stage of completion of the projects at the reporting date. The stage of completion of a project is determined by the proportion that the contract cost incurred for work performed up to the reporting date bears to the estimated total contract costs.

Any excess revenue recognized in accordance with the stage of completion of the project, in comparison to the amounts billed to the clients in accordance with the milestones completed as per the respective project, is carried forward as "Unearned Revenue".

Any short revenue recognized in accordance with the stage of completion of the project, in comparison to the amounts billed to the clients in accordance with the milestones completed as per the respective project, is carried forward as "Unbilled Revenue".

(v) Borrowing Cost

In respect of an intangible asset, borrowing costs directly attributable to the construction of roads / infrastructure are capitalised up to the date of the final completion certificate of the asset / facility received from the authority for its intended use specified in the Concession Agreement. All borrowing costs subsequent to the final completion certificate of the asset / facility as specified in Concession Agreement are charged to the Statement of Profit and Loss in the period in which such costs are incurred.

(vi) Amortisation of Intangible Asset

The intangible rights which are recognised in the form of right to charge users of the infrastructure asset are amortized by taking proportionate of actual revenue received for the year over Total Projected Revenue from project to Cost of Intangible assets i.e. proportionate of actual revenue earned for the year over Total Projected Revenue from the Intangible assets expected to be earned over the balance concession period as estimated by the management.

Total Projected Revenue shall be reviewed at the end of the each financial year and the total projected revenue shall be adjusted to reflect any changes in the estimates which lead to the actual collection at the end of the concession period.

(vii) In case of NSEL, Intangible asset is amortised using straight line method as prescribed under Accounting Standard (AS) 26 of the Companies (Accounting Standard) Rule, 2014.

## Notes on Accounts forming part of Consolidated Financial Statements

- (viii) Revenue Recognition other than Concession Arrangement: In case of Item rate contracts Revenue is recognized over the life of the contract using proportionate completion method, on the basis of physical measurement of work actually completed at the balance sheet date.
- (ix) In the case of lump sum contracts, revenue is recognized on the completion of milestones as specified in the contract or as identified by the management.
- (x) 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 its share in the joint ventures.
- (xi) Revenue from Wind Mill power generation is recognized when the electricity is delivered to electricity Distribution Company at a common delivery point and the same is measured on the basis of meter reading.
- (xii) 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.
- (xiii) Price escalation and other claims and/or variation in the contract work are included in contract revenue only when:
  - Negotiation have reached at an advance stage such that it is probable that customer will accept the claim; and
  - The amount that is probable will be accepted by the customer can be measured reliably.
- (xiv) 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.
- (xv) Site mobilization (Camp) Expenditure for site installation is written off over the period of contract in proportion to the value of work done.
- (xvi) Income from sale of services: 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.
- (xvii) Profit/loss on sale of units of mutual funds and dividend income is recognized on realization basis.

### c) Inventories:

Stock of material, Spare-parts, Diesel is valued at the lower of cost or net realizable value after providing any other losses, where considered necessary. Cost is determined on first-in-first-out basis. Cost includes all the charges in bringing the goods to the point of use, including octroi and other levies, transit insurance and receiving charges.

Work in progress is valued at contract rates.

### d) 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 from the date of acquisition.

### e) Other Income:

Interest Income on investment and bank deposits are recognized on a time proportion basis taking into account the amount invested and the rate applicable. Dividend income is accounted for when the right to receive it is established.

Sale of Material is accounted on accrual basis.

### f) Property Plant and Equipment / Fixed Assets:

Property, Plant and Equipments are valued as per cost model at cost less accumulated depreciation and accumulated impairment losses, if any. 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. Subsequent expenditure on fixed assets after its purchase/ completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

## Notes on Accounts forming part of Consolidated Financial Statements

### g) Depreciation:

- (i) Depreciation on tangible assets of SEL is provided for all assets except for vehicles on straight-line method and depreciation on vehicles is provided on written down value method as per the useful life specified in schedule II of the Companies Act, 2013. Depreciation is provided for all assets as per the useful life prescribed in the Schedule II of the Companies Act, 2013 except in respect of plant and machineries used other than in mining activity, where less useful life considered than those prescribed in schedule II.
- (ii) In case of AJTL, ARRIL, DPTL & RPTPL, Tangible Project Assets, as defined under Concession Agreement, are amortized on straight line basis, from the date on which such project asset is ready for use, till the end of concession period.
- (iii) Depreciation on Tangible Assets of remaining subsidiaries and step down subsidiaries is provided based on useful life prescribed under Schedule II of the Companies Act 2013. All categories of assets costing less than ₹ 5,000 each are fully depreciated in the year of purchase.
- (iv) In respect of fixed assets purchased during the period, depreciation is provided on a pro-rata basis from the date on which such asset is ready to be put to use.
- (v) 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.

### h) Intangible Assets and Amortisation:

- (i) An intangible asset is recognized, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangibles are stated at cost, less accumulated amortisation and impairment losses, if any.
- (ii) Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deduction for liabilities, calculated on the date of acquisition. The Company has made acquisition in shares of SPV's which operate projects that have finite project life as per Concession Agreements. Thus, goodwill arising on consolidation is amortized on straight line basis, beginning from the date of acquisition of subsidiaries or commencement of commercial operations by subsidiaries, whichever is later, till the end of concession period..
- (iii) Software used at Head office and work-shop are amortised over a period of three years and software used at Project sites are amortised during the project completion period.

### i) Expenditure during construction period, pending allocation:

Intangible asset under development is stated at cost of development less accumulated impairment losses, if any. Costs include expenditure directly relating to construction / developments (net of income, if any), is capitalized. Indirect expenditure incurred during construction period which are specifically attributable to construction of a Project (including borrowing cost), is capitalized as part of Project cost. Other indirect expenditures incurred during the construction period which are not specifically attributable to construction of a project, is charged to the statement of profit and loss.

### j) Impairment of Assets:

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's (including goodwill) recoverable amount is the higher of an assets net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The SIPL's impairment tests of investments in SPV entities are based on value in use. The Company has used expected future cash flow of projects in respect of SPV entities which generally covers period of the concession agreement using long term growth rate applied to future cash flows.

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

### k) Foreign Currency Transactions:

Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the

## Notes on Accounts forming part of Consolidated Financial Statements

exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### Conversion:

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

### Exchange Difference:

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

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item. All other exchange differences are recognized as income or as expenses in the period in which they arise.

### Forward exchange contracts entered into to hedge foreign currency risk of an existing asset / liability:

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii) above.

### l) Derivative Contracts:

The Group uses derivative financial instrument, such as derivative option contract, interest rate swap contracts to take advantage of lower interest rate of foreign currency loan and hedge the foreign exchange fluctuation. In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored. In respect of derivative contracts, premiums paid, gains/ losses on settlement and provision for losses for cash flow hedges are recognised in the statement of profit and loss.

### m) Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments.

On initial recognition, all investments are made at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerages, fees and duties.

Current investments are carried in the financial statements at the lower of cost or quoted / fair value, determined on an individual investment basis. Long term Investments are stated at cost. However provision for diminution in the value of Long Term investments is made only if such a decline is other than temporary. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### n) Government Grant:

(i) Grant from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant will be received.

(ii) Grant received from Government, in the nature of promoters' contribution are credited to Capital Reserve. Grant received as compensation for expenses or losses are taken to the Statement of Profit and Loss and is accounted in the period to which it relates.

### o) Employee 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. Group has no further obligation beyond this contribution charged in financial statement.

(ii) The Group operates one defined benefit plan for its employees, viz., gratuity liability. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out

## Notes on Accounts forming part of Consolidated Financial Statements

using the projected unit credit method made at the end of each reporting date. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss. In case of Company and step down subsidiary i.e. ARRIL, an insurance policy under the group gratuity scheme with Life Insurance Corporation of India is taken to cover its gratuity liability.

- (iii) Short term employee benefits including leave are recognized as an expense in the profit and loss account of the year in which the related services are rendered
- (iv) In respect of employee stock options, the excess of fair price on the date of grant over the exercise price is recognized as deferred compensation cost amortised over the vesting period.

**p) Employee Share Based payment:**

The Company has constituted Employee Stock Option Plan - 2008. Employee Stock Option granted on 4th October, 2010 is accounted under 'Fair Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

**q) Borrowing Costs:**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings, premium payable on redemption and discount on issue of debentures.

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.

**r) Segment Reporting Policies:**

Identification of segments:

The Group'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, the risk return profile of individual business unit and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of Group operate i.e. India.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated Items:

Unallocated items includes general corporate income and expense items which are not allocated to any business segment. Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

Segment Policies:

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

**s) Leases:**

Where the Group is the lessee,

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term. In case of SPVs where the commercial operation have not commenced, the lease payments are capitalized as "Expenditure during Construction Period, pending allocation".

**t) Income Taxes:**

- (i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- (ii) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating for the year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.
- (iii) Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be

## Notes on Accounts forming part of Consolidated Financial Statements

available against which such deferred tax assets can be realized. In situations where the Group's entities has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

- (iv) As per the provisions of the Income Tax Act, 1961, step down subsidiaries are eligible for a tax holiday under section 80IA for a block of 10 consecutive years out of 20 years beginning of toll operations. Accordingly, no deferred tax (asset or liability) is recognised in respect of timing difference which gets reversed during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing difference which reverse after the tax holiday period is recognised in the year in which the timing difference originate. However the Group , restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtual certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax asset can be realised. For recognition of deferred tax, the timing differences which originate first are considered to reverse first.
- (v) The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
- (vi) Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on 'Accounting for Credit Available in respect of Minimum Alternative Tax' under IT Act, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and write down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

### u) Provisions and Contingent Liabilities / Assets:

- (i) A provision is recognized when an Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit 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 estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (ii) Contractual Obligations to periodically maintain Project asset as per the terms of the concession agreement are provided for in accordance with Accounting Standard(AS) -29 "Provisions, Contingent Liabilities and Contingent Assets" i.e; at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.
- (iii) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

(iv) Contingent assets are neither recognized nor disclosed in the Financial statements.

### v) Earning per share (EPS):

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit for the year attributable to equity shareholders and the weighted average number of Equity Shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### w) General:

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

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>Note 2. Notes on Accounts</b>		
<b>2.1 Share Capital</b>		
(a) Authorised Share Capital: 20,00,00,000 (20,00,00,000) Equity Shares of ₹ 1/- each	2000.00	2000.00
(b) Issued, Subscribed and fully paid 17,15,33,800 (171500800) Equity Shares of ₹ 1/- each with voting rights	1715.34	1715.01
(c) Reconciliation of No. of Shares:		
Outstanding at the beginning of the year (Nos.)	171500800	15,16,62,300
Addition during the year towards ESOP (Nos.)	33000	2,64,500
Addition during the year on Conversion of Share Warrants into Equity (Nos.)	0	80,00,000
Addition during the year on allotment of shares to QIB (Nos.)	0	1,15,74,000
<b>Outstanding at the end of the year (Nos.)</b>	<b>17,15,33,800</b>	<b>17,15,00,800</b>
(d) Rights of Shareholders and Repayment of Capital:		
(i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 1/-.		
(ii) Each holder of equity shares is entitled to one vote per share.		
(iii) In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.		
(e) Shares held by each share holder holding more than 5% Equity shares of the company.		
<b>Name</b>	<b>No. of shares &amp; (%)</b>	<b>No. of shares &amp; (%)</b>
Vishnubhai M. Patel	23543220 (13.73)	23429220(13.66)
Sadbhav Finstock Private Limited	16545275 (9.65)	16545275(9.65)
Shantaben V. Patel	14715375 (8.58)	14715375(8.58)
HDFC Trustee Co. Ltd.-HDFC Tax Saver Fund	14121609 (8.23)	13271678(7.74)
ICICI Prudential Value Discovery Fund	9206820 (5.37)	10719680(6.25)
(f) Shares reserved for Issue under ESOP @ ₹ 50/- per share (Face Value ₹ 1/-) (Nos.)	37000	72000
The activity in the ESOP-2008 during the year ended March 31, 2016 and March 31, 2015 respectively, is set out below:		
<b>Particulars</b>	<b>As at March 31, 2016 (Figure in Nos)</b>	<b>As at March 31, 2015 (Figure in Nos)</b>
Option outstanding in the beginning of the year	72000	382500
Option granted during the year	0	0
Less : Exercised	33000	264500
Less : Forfeited/Lapsed	2000	46000
Option outstanding at year end	37000	72000
Option exercisable at year end	37000	72000
As at March 31, 2016, 37,000 equity shares have been kept reserved for issue against the outstanding options. All shares are vested and are exercisable at any point of time within three years from the date of vesting.		
The exercise price of option is ₹ 50/- per option granted.		
<b>2.2 Reserve and Surplus</b>		
(a) Capital reserve - including Grant Receivable from Authority (in the nature of Promoter's contribution)		
As per Last Balance Sheet	70970.45	52291.95
Add/(Less) during the year	31243.72	18678.50
	<b>102214.17</b>	<b>70970.45</b>
(b) Capital reserve- Acquisition of subsidiaries		
As per Last Balance Sheet	758.00	0.00
Add/(Less) during the year	0.00	758.00
	<b>758.00</b>	<b>758.00</b>



## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
(c) Security Premium Account		
As per Last Balance Sheet	56524.78	29074.85
Addition during the year	39.63	34381.76
Less : Conversion of CCCPS into equity Shares	0.00	-1.10
Less : Issue of Bonus Shares	0.00	-6384.60
Less : IPO/QIP Expense (refer note no 2.40)	0.00	-546.13
	<b>56564.41</b>	<b>56524.78</b>
(d) Debenture Redemption Reserve		
As per Last Balance Sheet	10092.10	2014.80
Addition during the year	0.00	8077.30
	<b>10092.10</b>	<b>10092.10</b>
(e) Shares Options Outstanding Account		
As per Last Balance Sheet	51.19	153.57
Addition during the year	0.00	88.52
Less Transferred to Security Premium Account	24.89	190.90
	<b>26.30</b>	<b>51.19</b>
(f) General Reserves		
As per Last Balance Sheet	10160.18	9160.18
Addition during the year	1000.00	1000.00
	<b>11160.18</b>	<b>10160.18</b>
(g) Profit and Loss account		
As per Last Balance Sheet	3450.37	30783.63
Net Profit /(Loss) for the year	(4,675.41)	(17,548.65)
Add : Loss of Subsidiary for earlier years transferred (net)	921.63	2798.84
Appropriations:-		
Transfer to general reserves	1,000.00	1000.00
Transfer to Debenture Redemption reserves	0.00	8077.31
Adjustment Relating to Fixed Assets (Refer Note No 2.11 & 2.12)	0.00	2059.6
Dividend Paid	0.23	1.4
Tax on Dividend Paid	0.05	0.24
Proposed Dividend	1200.74	1200.51
Tax on Proposed Dividend	244.44	244.39
	(2,748.87)	3450.37
<b>Total</b>	<b>178066.29</b>	<b>152007.07</b>

### 2.3 Long Term Borrowings

#### (a) Bonds/Debentures

##### (Secured)

##### Secured redeemable non-convertible debentures

- |   |          |          |
|---|----------|----------|
| (i) ICICI Bank [160 (180) debentures of ₹ 1 crore each] issued by SEL | 12000.00 | 16000.00 |
|---|----------|----------|

The debentures are secured by (a) a residual charge over all the movable assets of the company (b) exclusive charge over the secured Immovable Property i.e. piece of non agricultural freehold land situated at Maharajpura of Kadi Taluka, in favour of the Debenture Trustee (for the benefits of the secured parties) (c) pledged in favour of ICICI Bank Ltd. 3,52,22,522 (3,10,96,308) number of equity shares of Sabdhav Infrastructure Project Ltd.

Rate of interest of above NCD is ICICI Bank base rate plus spread of 1.75%

- |   |                 |                 |
|---|-----------------|-----------------|
| (ii) HDFC Asset Management Co. Ltd.-1200 (1200) debentures of ₹ 10 Lakhs each issued by SEL | 12000.00        | 12000           |
| Add: Accrued amount of Premium on Redemption  | 798.25          | 201.73          |
|   | <b>12798.25</b> | <b>12201.73</b> |

The debentures are secured by (a) Pledge of 66,18,110 shares of Sabdhav engineering Ltd. by Sabhav Finstock Pvt. Ltd.; (b) NDU and negative lien to be provided by promoter on 3% equity shares of Sabdhav Engineering Ltd. (c) Agriculture Land Situated at Sonarda, Gandhinagar held by Bhavnaben Patel, Truptiben Patel, Dipakbhai Patel and Vishnubhai Patel. Coupon Rate of 9% plus Redemption Premium resulting Effective Rate of interest (IRR) of 12.14% p.a. at maturity.

## Notes on Accounts forming part of Consolidated Financial Statements

Repayment Schedule of Debentures issued by SEL are as under:

Repayable During The Year	No of Instalments	Maturity Amount
2016-17	4	4000.00
2017-18	5	15600.00
2018-19	1	3600.00
2019-20	1	4800.00

Bonds redeemable during the year 2016-17 are shown under 'Current Maturity of Long Term Debts' (Note No. 2.9 'Other Current Liabilities') (₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
(iii) 1600 (31 March 2015: 1600) 9% Redeemable, Non Convertible Debentures of ₹ 10,00,000 each (Secured) issued by SIPL Add: Accrued amount of Premium on Redemption	16000.00 749.20	16000 166.9
	<b>16749.20</b>	<b>16166.90</b>
(iv) 1405405 (31 March 2015: 1405405) 6% Non Convertible Debentures of ₹ 1000 each (Secured) issued by SIPL Add: Accrued amount of Premium on Redemption	14054.10 1547.20	14054.1 645.2
	<b>15601.30</b>	<b>14699.30</b>
(v) 2000 (31 March 2015: 2000) Redeemable, Non Convertible Debentures of ₹ 10,00,000 each (Secured) issued by SIPL Add: Accrued amount of Premium on Redemption	20000.00 1702.30	20000 253.8
	<b>21702.30</b>	<b>20253.80</b>
(vi) 19,500 NCD (Face value of ₹ 100,000/- each) issued by NSEL	18700.00	0.00
(vii) 5,00,000 NCD (Face value of ₹ 10,000/- each) issued by DPTL	48750.00	0.00
(b) Term Loans		
(i) (Secured)		
From Banks:-		
(a) Foreign Currency Term Loan (ECB)	64836.72	81244.88
(b) Rupee Term Loan	564182.99	436034.15
From Financial Institutions	29826.32	28953.44
Secured by way of hypothecation of specific machineries and equipments purchased		
(ii) Unsecured		
Loans and Advances from related parties (Refer Note D below)	1792.77	0.00
<b>Total</b>	<b>806939.85</b>	<b>625554.20</b>

**The details of security in respect of Indian Rupee Term Loans and Foreign Currency Loans (ECB) are as under:**

Term Loan from Bank availed by the Company (SEL) is secured by way of hypothecation of specific machineries and equipments purchased, Sadbhav Vision House, Guest House & office in Mumbai, Non Agricultural land at Sheikhpur (Ahmedabad), Guest House in Delhi.

**A - The details in respect of Long Term Borrowings availed by Subsidiaries:**

**1 Sadbhav Infrastructure Projects Limited (SIPL)**

**(a) 2,000 Redeemable, Non Convertible Debentures (NCD):**

(i) NCDs are secured by (i) first ranking charge created on 10,71,198 equity shares of SIPL in the RPTPL; (ii) the Corporate Guarantee by the company; (iii) first and exclusive mortgage over the Mortgaged Property, in accordance with the respective Security Documents.

(ii) Terms of repayment are as under:

Series on NCDs	No. of NCDs issued	Coupon Rate p.a. %	Terms of Repayment	Earliest Date of Redemption
Series A	800	0%	Bullet Repayment	April 26, 2018
Series B	500	11.75%	Bullet Repayment	April 13, 2000
Series C	700	5%	Bullet Repayment	April 13, 2000

The debenture holders of Series B and Series C shall have the right to seek prepayment / early redemption at the end of Year 3, i.e. January 15, 2018 and February 27, 2018 respectively, in whole or part or in such proportion as it may deem

## Notes on Accounts forming part of Consolidated Financial Statements

fit. Thereupon, the Company shall be obliged to prepay debentures in such manner that debenture holders may achieve the IRR at the rate of 11.75% on value of the debentures for which the Put option is exercised.

**(b) 1,600 Redeemable, Non Convertible debentures (NCD):**

(i) NCDs are secured by (i) an unconditional, irrevocable and continuing Corporate guarantee from Sadbhav Engineering Limited- holding company (SEL), covering the entire redemption amount. (ii) Pledge of 10,287,215 shares of SEL by Sadbhav Finstock Pvt. Ltd. (iii) Pledge of 67% of SPV shareholding i.e. DPTL representing 46,082,466 equity shares. However, till such shares are transferred in the name of SIPL, 56% of shares of ARRIL representing 5,857,600 equity shares have been pledged. (iv) WCCL facility of to the extent of next repayment to be lien marked for the NCD to be obtained by the SIPL/ the company and to be utilised only towards repayment of the NCD atleast 20 days before each redemption payment date for amount which are due in next 20 days.

(ii) Terms of repayment are as under:

Series on NCDs	March 31, 2016			
	No. of NCDs outstanding as at March 31, 2016	Coupon Rate p.a. %	Terms of Repayment	Earliest Date of Redemption
Series I	480	9%	Bullet Repayment	April 18, 2018
Series II	480	9%	Bullet Repayment	April 18, 2019
Series III	640	9%	Bullet Repayment	November 18, 2019

(iii) The debenture holders shall, at the end of Year 3 and Year 4, i.e. December 16, 2017 and December 16, 2018 respectively, have the right to seek prepayment / early redemption of Series II and Series III debentures in whole or part or in such proportion as it may deem fit. Thereupon, the Company shall be obliged to prepay debentures in such manner that debenture holders may achieve the IRR at the rate of 12.14% on the value of debentures for which the Put option is exercised.

**(c) 14,05,405 Redeemable , Non Convertible debentures (NCD):**

(i) NCDs have been issued at discount. NCDs are secured by (i) Pledge of 19.46% shareholding of SIPL representing 4,68,46,725 equity shares held by the Company. (ii) Pledge of 30% shareholding of Maharashtra Border Check Post Network Limited representing 11,673 equity shares held by the SIPL and the Company. (iii) Unconditional and irrevocable corporate guarantee from the Company and personal guarantee from Promotor i.e. Mr. Vishnubhai M. Patel. (iv) Second charge by mortgage over all immovable property and hypothecation of all movable, tangible and intangible assets, receivable, cash and liquid investment of the SIPL. (v) All bank account & assignment of all contract, documents, insurance, clearances and interest of the SIPL.

NCD has been issued at discount.

(ii) NCD are having a floating interest rate of 4.94% to 5.62% which is linked to benchmark rate to be reset on a quarterly basis and are repayable in 6 structured instalments starting from July 1, 2017 and ending on April 5, 2020.

(iii) SIPL shall have an option to repay the Debentures at End of 4th year and 5th year, i.e. May 30, 2018 and May 30, 2019 respectively, with the condition that the Minimum Yield on the entire Debenture amount will get revised upwards by 0.50% per annum and 0.25% per annum, respectively.

**(d) Rupee loan from ICICI Bank Limited:**

During the year, the Company has pre-paid entire loan of ₹ 18000.00 Lakhs on September 16, 2015 in accordance with mandatory prepay clause of loan agreement. The loan was carrying a floating interest rate based on bank base rate + spread i.e. 13.50%.

### 2 Mysore Bellary Highway Pvt. Ltd.

**(i) The details of Security in respect of Term Loans are as under:**

- first mortgage and charge on all the immovable properties, both present and future, save and except the Project Assets;
- first charge on all the tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future, save and except the Project Assets;
- first charge over all accounts including the Escrow Account and the Sub-Accounts (or any account in substitution thereof) that may be opened in accordance with Common Facilities Agreement and the Supplementary Escrow Agreement, or any other Project Documents and all funds from time to time deposited therein, the Receivables and all Authorised Investments or securities;
- first charge on all intangibles assets including but not limited to goodwill, rights, undertakings, intellectual property and uncalled capital present and future excluding the Project Assets.
- assignment by way of security in:

## Notes on Accounts forming part of Consolidated Financial Statements

all the right, title, interest, benefits, claims and demands whatsoever in the Project Documents;

the right, title and interest in, to and under all the Governmental Approvals;

all the right, title, interest, benefits, claims and demands whatsoever in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;

all the right, title, interest, benefits, claims and demands whatsoever under all Insurance Contracts.

- (f) pledge of 51% (fifty one percent) of the issued and paid up equity shares of the MBHPL held by the Company and GKC Projects Limited till Final Settlement Date, provided if as on the COD, in the opinion of the Facility Providers, no event of default is subsisting, shares representing 25% (twenty five percent) of the issued and paid up equity shares of the MBHPL may stand released and accordingly, pledge of 26% (twenty six percent) shall continue till the Final Settlement Date.

- (g) Corporate Guarantee from the Company the guaranteeing the repayment of the Secured Obligations.

Provided that:

the aforesaid mortgages, charges, assignments and guarantees and the pledge of equity shares shall in all respects rank pari-passu inter-se amongst the Senior Lenders in accordance with the Loan Agreement, without any preference or priority to one over the other or others;

the aforesaid mortgages, charges, assignments and guarantees and the pledge of equity shares stipulated in para (a) to (g) above other than the assignment as stipulated in para (e) shall be shared by the Senior Lenders on pari-passu basis with the WC lenders in accordance with the Loan Agreement, without any preference or priority to one over the other or others; Provided further that the charge over the receivables stipulated in para (c) above for the benefit of the WC lenders would not include the Termination Payment, and

the Security Interest stipulated in para (a) to ((f) above shall exclude the Project Assets (as defined in and in accordance with the Concession Agreement).

### (ii) Terms of Repayment :

The Principal amounts of the Loan is repayable to the Lenders in 14 half yearly structured instalments, commencing from the First Repayment date (September 30, 2017) on the last day of each Half Year in the amounts equivalent to the percentage of the total amount of loan, which is stated against the corresponding half year expiry in the Amortisation Schedule. The MBHPL has the option to prepay the loan after the payment of Prepayment Premium.

As at March 31, 2016, term loans carry average interest rate of 11.00 per cent per annum.

### B - Rupee Term Loans, Non convertible Debentures and Foreign Currency Loans from Banks and Other parties availed by Step down Subsidiaries:

Rupee Term Loans and Foreign Currency Loans availed by Step down subsidiaries are secured by:

- (i) a first mortgage and charge on all the respective step down subsidiary's immovable properties, both present and future, save and except the Project Assets;
- (ii) a first charge on all the respective step down subsidiary's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future, save and except the Project Assets;
- (iii) a first charge over all accounts of the respective step down subsidiary's including the Escrow Account and the Sub-Accounts (or any account in substitution thereof) that may be opened in accordance with Common Rupee Loan Agreement and the Supplementary Escrow Agreement, or any other Project documents and all funds from time to time deposited therein, including those arising out of realisation of receivable and all permitted investments or other securities representing all amounts credited thereto.
- (iv) a first charge on all intangibles assets of the respective step down subsidiary including but not limited to goodwill, rights, undertakings and uncalled capital present and future excluding the Project Assets.
- (v) a first charge on assignment by way of security in:
- all the right, title, interest, benefits, claims and demands whatsoever of the respective subsidiary in the Project documents;
  - charge/ assignment on all the intangible assets of the respective subsidiary (Other than project assets) including but not limited to goodwill, rights, undertakings, all the right, title, interest, benefits, claims and demands whatsoever of the respective subsidiary in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents;
  - all the right, title, interest, benefits, claims and demands whatsoever of the respective subsidiary under all Insurance Contracts.

## Notes on Accounts forming part of Consolidated Financial Statements

- (vi) pledge of equity shares held by the Company and SIPL and other promoters of the respective step down subsidiary as stipulated in the Loan Agreements.

### Notes

- (a) the aforesaid mortgages, charges, assignments and guarantees and the pledge of equity shares as stipulated above shall in all respects rank pari-passu inter-se amongst the lenders and the working capital lenders, in accordance with the Concession Agreement, without any preference or priority to one over the other or others;
- (b) the Security Interest shall exclude the Project Assets (as defined in and in accordance with the Concession Agreement), unless such security is consented to by the authority pursuant to the Concession Agreement.

Terms of Repayment of Borrowings availed by Step down Subsidiaries:

### (i) Ahmedabad Ring Road Infrastructure Ltd. (ARRIL)

Term loans include loan amounting to ₹ 33,961.30 Lakhs as on March 31, 2016 taken from a consortium consisting of a bank and financial institutions.

#### First Ranking Rupee Loan:

The First Ranking Rupee Loan is repayable to each lender in 50 structured quarterly instalments commencing from August 31, 2009. As per repayment schedule of the loan agreement, the principal amount outstanding under the said agreement shall be repaid by November 30, 2021.

As at March 31, 2016, the loans carry average interest rate of 10.40 per cent to 11.05 per cent per annum.

#### Second Ranking Rupee Loan:

The Second Ranking Rupee Loan is repayable to the lender in 52 structured quarterly instalments commencing from August 31, 2011. As per repayment schedule of the loan agreement, all the principal amount outstanding under the said agreement shall be repaid by May 31, 2024.

As at March 31, 2016, the loan carries average interest rate of 12.10 per cent per annum.

### (ii) Aurangabad Jalna Tollway Ltd. (AJTL)

Term loans include loan amounting to ₹ 15,460.40 Lakhs as on March 31, 2016 taken from a consortium consisting of a bank and finance institutions.

#### Indian Rupee Term Loans from Banks & Other Party:

The Principal Amounts of the Loan to each of the Lenders are repayable in 48 equal quarterly instalments commencing from October 1, 2011. As per the repayment schedule of the loan agreement, all principal amount outstanding under the said agreement shall be repaid by July 1, 2023. Further, the lenders have an option to call upon AJTL to repay the entire outstanding loan along with interest, additional interest, further interest and liquidated damages thereon at the end of ten (10) years from the date of Commercial Operation (COD) i.e. July 28, 2019 by giving thirty days notice. Similarly, AJTL also has the option to prepay the loans.

As at March 31, 2016, the term loans carry average interest rate of 10.55 per cent to 11.50 per cent p.a.

### (iii) Bijapur Hungund Tollway Pvt. Ltd. (BHTPL)

Term loans include loan amounting to ₹ 81,969.20 Lakhs as on March 31, 2016 taken from a consortium consisting of a bank and finance companies.

#### Indian Rupee Term Loans from Banks:

The Principal Amounts of the Loan to each of the Lenders shall be repayable in 37 equal quarterly instalments on the last day of each quarter, commencing from the expiry of Moratorium Period (14 quarters from initial drawdown date), i.e. May 31, 2014, such that the door-to-door tenor (from initial drawdown to the date of repayment of the last repayment instalment) does not exceed 12 years and 6 months.

The Loans carry interest of 11.45% to 12% percent as on March 31, 2016.

#### Refinancing of Existing Rupee Loans:

BHTPL has been sanctioned amount of ₹ 59600.00 lakhs by lender for refinancing of existing rupee loans. The documents in respect thereof are under finalisation stage as at March 31, 2016. Consequent upon refinancing, the existing rupee loans will be replaced by fresh rupee loans as sanctioned by lender. Since the existing rupee loans shown above will be replaced by long term loan, the same are continued to be classified as Non Current liabilities.

#### Foreign Currency loan from Bank:

Foreign currency loan shall be repayable in unequal semi-annual instalments. First repayment shall be made from the half year anniversary falling immediately after the date on which any scheduled repayment is made to the Rupee Lenders in accordance with the Common Rupee Loan agreement. Subsequent repayment shall be made in accordance with repayment schedule of Rupee term loan.

The BHTPL pays interest @ LIBOR+ Margin of 4.70% per annum on the foreign currency loan.

## Notes on Accounts forming part of Consolidated Financial Statements

### (iv) Hyderabad Yadgiri Tollway Pvt. Ltd. (HYTPL)

Term loans include loan amounting to ₹ 37,375.70 Lakhs as on March 31, 2016 taken from a consortium consisting of a bank and financial institutions.

#### **Indian Rupee Term Loans from Banks & Other Party:**

The Principal Amounts of the Loan to each of the Lenders shall be repayable in 47 equal quarterly instalments on the last day of each quarter, commencing from the expiry of Moratorium Period (33 months from initial drawdown date i.e. September 29, 2010), such that the door-to-door loan tenor (from initial drawdown to the date i.e. September 29, 2010 of repayment of the last repayment instalment) does not exceed 14 years and 6 months.

Term loans carry interest of 10.95 to 11.50 per cent per annum.

#### **Foreign Currency loan from Bank:**

Foreign Currency loan from Bank shall be repayable in unequal 10 semi-annual instalments. First repayment shall be made from the half year anniversary falling immediately after the date on which any scheduled repayment is made to the Rupee Lenders in accordance with the Common Rupee Loan agreement (scheduled repayment date of rupee loan is September 29, 2013). At the end of payment of unequal 10 semi-annual instalments, the Company propose to convert balance loan amounting to USD 217.40 Lakhs into a new Rupee Term Loan. The Company pays interest at LIBOR plus 470 basis points per annum on the foreign currency loan.

### (v) Maharashtra Border Checkpost Network Pvt. Ltd. (MBCPNL)

Term loans include loan amounting to ₹ 1,05,456.80 Lakhs as on March 31, 2016 taken from a consortium consisting of banks.

#### **Indian Rupee Term Loans from Banks:**

Such loan is repayable in 50 quarterly instalments commencing from last day of 15th quarter from the first disbursement i.e. 20th March 2010.

The long term loans from the banks carry interest rate from 11.35 to 13.25%.

### (vi) Rohtak Panipat Tollway Pvt. Ltd. (RPTPL)

Term loans include loan amounting to ₹ 98,887.50 Lakhs as on March 31, 2016 taken from a consortium consisting of a bank and finance companies.

#### **Indian Rupee Term Loans from Banks & Other Party:**

The Principal Amounts of the Loan to each of the Lenders shall be repayable in 43 quarterly instalments on the last day of each quarter, commencing from 22 quarters from 30th March, 2011 (initial drawdown date), such that the door-to-door tenor (from initial drawdown to the date of repayment of the last repayment instalment) does not exceed 16 years.

As at March 31, 2016, the term loans carry interest rate of 12.25 to 12.75 per cent per annum.

#### **Foreign Currency loan from Bank:**

Repayments shall be made in accordance with the Repayment Schedule which shall be in line with the repayment schedule of the Rupee Lenders under the amended Common Rupee Loan Agreement.

As at March 31, 2016, RPTPL pays interest @ LIBOR+Margin of 4.70% per annum on the foreign currency loan.

### (vii) Shreenathji Udaipur Tollway Pvt. Ltd. (SUTPL)

Term loans include loan amounting to ₹ 82,038.50 Lakhs as on March 31, 2016 taken from a consortium consisting of a banks.

#### **Indian Rupee Term Loans from Banks:**

##### Tranche I

The Principal amounts of the Loan under Tranche I is repayable to the Lenders in 138 structured monthly instalments, commencing from the expiry of thirteenth (13th) calendar month starting from the calendar month in which the Schedule Commercial Operations Date (SCOD) occurs i.e. November 30, 2016.

As at March 31, 2016, term loans carry interest of 11.60 to 12.25 per cent per annum.

##### Tranche II

The Principal amounts of the Loan under Tranche II is repayable to the Lenders in 174 structured monthly instalments, commencing from the expiry of thirteenth (13th) calendar month starting from the calendar month in which the SCOD occurs i.e. November 30, 2016.

As at March 31, 2016, term loans carry interest of 11.60 to 12.25 per cent per annum.

### (viii) Bhilwara Rajsamand Tollway Pvt. Ltd. (BRTPL)

Term loans include loan amounting to ₹ 26,001.00 Lakhs as on March 31, 2016 taken from a consortium consisting of banks.

## Notes on Accounts forming part of Consolidated Financial Statements

### Indian Rupee Term Loans from Banks:

The Principal amounts of the Loan is repayable to the Lenders in 174 structured monthly instalments , commencing from the expiry of thirteenth (13th) calendar month starting from the calendar month in which the SCOD occurs i.e. April 30, 2017.

As at March 31, 2016, term loans carry average interest rate of 11.60 per cent per annum.

### (ix) Rohtak Hissar Tollway Pvt. Ltd. (RHTPL)

Term loans include loan amounting to ₹ 86,497.00 Lakhs as on March 31, 2016 taken from a consortium consisting of a banks.

### Term Loans from Banks:

The Principal amounts of the Loan is repayable to the Lenders in 174 structured monthly instalments , commencing from the expiry of thirteenth (13th) calendar month starting from the calendar month in which the Scheduled Commercial Operations Date (SCOD) occurs.

As at March 31, 2016 term loans carry interest of 11.70 per cent per annum.

### (x) Nagpur Sioni Expressway Ltd. (NSEL)

#### Refinancing of Existing ECB Loans:

During the year, NSEL has issued Non - Convertible Debentures (NCD) of ₹ 19,500.00 Lakhs. Out of which ₹ 19,100.00 lakhs have been utilized towards repayment of earlier ECB loan and balance amount has been utilized for payment of Loss on winding of derivative deal.

#### 9,500 Redeemable, Non Convertible Debentures (NCD):

The Facility, and the payment and other obligations of the Borrower under the Finance Documents, Shall be secured by a first ranking:

- (i) Charge on all the borrower's immovable and movable property (both present and future) except Project Assets.
- (ii) An assignment by way of security over all the borrower's right, title and interest in and to each transaction document.
- (iii) A share pledge, at all times, over not more than 99% of the sponsors shareholding in the borrower i.e. equivalent to 47,520,000 equity shares held by the SIPL in NSEL.

The Security created under the Debenture Trust Deed shall rank pari passu inter se, amongst the trustees.

#### Terms of Repayment

Series on NCDs	No. of NCDs issued	Coupon Rate p.a. %	Terms of Repayment	Earliest Date of Redemption
Series A	1000	8.72%	Partial Repayment	August 01, 2016
Series B	9500	8.91%	Partial Repayment	August 01, 2016

At the time of redemption of any Debentures on any Redemption Date, the company shall pay the relevant Debenture Holders the unpaid Interest on such Debentures, accrued upto such Redemption Date.

### (xi) Dhule Palesner Tollway Ltd. (DPTL)

#### Refinancing of Existing ECB Loans:

During the year, DPTL has refinance existing loan facility. As per the terms of the new loan facility, it is Repayable in 43 consecutive quarterly instalment commencing from 5th Jan 2016 to 5th July 2026 on the repayment dates and in percentage as mentioned in amortization schedule as set forth in schedule XIII of the Common Loan Agreement executed on 28th September 2015.

Term loans include loan amounting to ₹ 53,484.00 lakhs as on March 31, 2016 taken from a consortium consisting of banks.

As at March 31, 2016, the loan facility carries interest of 10.05% per annum.

#### 5,00,000 Redeemable, Non Convertible Debentures (NCD):

The Facility, and the payment and other obligations of the Borrower under the finance documents shall be secured by a first ranking:

- (i) Charge on all the borrower's immovable and movable property (both present and future) except Project Assets.
- (ii) An assignment by way of security over all the borrower's right, title and interest in and to each transaction document.
- (iii) A share pledge, at all times, over not more than 99% of the sponsors shareholding in the borrower i.e. equivalent to 68,092,002 equity shares held by the SIPL in DPTL.

## Notes on Accounts forming part of Consolidated Financial Statements

The Security created under the Debenture Trust Deed shall rank pari passu inter se, amongst the trustees.

### Terms of Repayment

Non convertible debentures are repayable in 40 consecutive quarterly instalment commencing from 5th Apr 2016 to 5th Dec 2025 on the repayment dates and in percentage as mentioned in Schedule VI of Debenture Trust Deed executed on 10th Mar 2016.

As at March 31, 2016, the NCDs carries coupon rate of 9.40 per cent per annum.

### C Interest Free Loan from SEL to SIPL (Unsecured)

Pursuant to the conversion of Compulsory Cumulative Convertible Preference Share into equity shares, the Company has entered into a Memorandum of Understanding with SEL, whereby SEL has given a commitment to keep the loan balance of ₹ 779.56 Million in SIPL for a period of 11 years from the date of conversion of CCCPS.

### D Sub ordinate debts (Sponsors' Contribution) (Unsecured)

Sub ordinate debts received by MBCPNL in terms of share purchase cum sub debts agreements dated September 18, 2013 with the prospective investor. Currently, the investor has not acquired share holding in MBCPNL.

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.4 Deferred Tax Liabilities</b>		
As per accounting standard-22 on "Accounting for taxes on Income" notified under the Companies (Accounting Standard) Rules, 2006, Deferred Tax Assets/Liabilities arising are as follows:-		
Opening Balance of deferred Tax Liability	2440.83	3566.80
Add : Deferred Tax Liability/(Assets) on depreciation	(107.27)	(1125.97)
Add : Provision/(Excess provision) of Gratuity	(17.80)	0.00
<b>Closing Balance of Deferred Tax Liability</b>	<b>2315.76</b>	<b>2440.83</b>
<b>2.5 Other Long Term Liabilities</b>		
(a) Security & Other Deposits from Sub-contractors/Vendors	286.06	692.75
(b) Advance Received for sale of Shares	0.02	0.00
(c) Premium Obligation under Concession Agreement (Refer Note below)	322139.20	223052.40
(d) Interest Accrued on premium obligation	1091.60	238.30
(e) Capital Creditors	0.00	8.50
<b>Total</b>	<b>323516.88</b>	<b>223991.95</b>
Note: * In case of subsidiaries, HYTPL and RPTPL the premium obligation under the Concession Agreement of ₹ 69,073 Lakhs as at March 31, 2016 has been deferred by NHAI vide its sanction letter dated June 20, 2014. As per the Ministry of Road Transport & Highways policy of NHAI, where the premium obligation under the concession agreement is deferred, the SIPL is liable to make payment of Interest on Deferment of Premium at Bank Rate + 2% p.a. which is charged to Statement of Profit & Loss account for the year and obligation on the same has been recognised as liabilities. Such deferred premium obligation along with interest thereon is payable no later than one year prior to the expiry of the concession period.		
		(₹ in Lakhs)
	As at 31-03-2016	As at 31-03-2015
<b>2.6 Long-Term Provisions</b>		
Provision for Employee Benefits		
Provision for Gratuity	98.71	36.00
Periodic Major Maintenance (Refer Note No 2.41)	20209.40	9929.20
<b>Total</b>	<b>20308.11</b>	<b>9965.20</b>



## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.7 Short-Term Borrowings</b>		
Secured		
Loans repayable on demand		
From Banks	28604.73	26481.62
Overdraft due to Issuance of Cheques	4720.61	3505.87
<b>Secured by</b>		
(a) Hypothecation of stock of construction materials lying at sites, books debts and other receivables		
(b) First charge by way of mortgage of immovable property (Sadbhav House) and immovable property situated at Village Ognaj along with furnitures, fixtures etc. owned by company and second charge on machineries owned by the company.		
(c) Personal Guarantee of Shri Vishnubhai M. Patel, Smt. Shantaben V. Patel, Shri Vasisthakumar & Shri Vikramkumar		
(d) Loans repayable on demand from Banks of ₹ 1000.00 lakhs taken by SIPL is secured against Corporate guarantee of Company. The Working Capital Demand Loan is repayable within 90 days of borrowing and carries interest of 11.10 to 12% p.a.		
Unsecured		
From Banks	24500.08	8200.00
From Related parties	0.00	749.37
From company in which Directors are Directors	139.62	62.12
From Others	2130.00	2130.00
<b>Total</b>	<b>60095.04</b>	<b>41128.98</b>
<b>2.8 Trade Payables</b>		
(a) To Micro, Small and Medium Enterprises *	0.00	0.00
(b) Others	39853.93	47278.75
<b>Total</b>	<b>39853.93</b>	<b>47278.75</b>
* As per Intimation available with the company, 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 dues outstanding more than 45 days on account of principal amount together with interest and accordingly no additional disclosures have been made.		
<b>2.9 Other Current Liabilities</b>		
(a) Current Maturities of Long term debts		
Non Convertible Debentures	4000.00	2000.00
Foreign Currency Loan(Net of Derivative Settlement Receivable)	4074.84	7798.36
Loan from Banks	17561.50	15987.86
Loan from Financial Institutions	6283.69	3815.41
(b) Sundry Creditors for Capital Goods	3321.26	1243.23
(c) Interest Accrued but not due on Loans	2750.42	2477.34
(d) Interest Accrued and due on Loans	912.09	947.38
(e) Unclaimed Dividend*	4.77	4.66
(f) Statutory Dues	4786.09	5160.00
(g) Unearned Revenue	661.30	1299.50
(h) Advance received against sales of Assets	0.00	1388.72
(i) Advances Received from Clients	32630.39	7914.84
(j) Unpaid IPO & Right Issue Money	0.01	0.01
(k) Payable towards equity share capital	0.00	2200.00
(l) Payable to Authorities (AUDA, NHAI)	367.80	537.00
(m) Premium obligation under concession agreement	2908.00	0.00
(n) Option Premium Payable	56.50	0.00
(o) Share application money refundable	1.20	0.00
(p) Employee Emoluments	247.30	203.80

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
(q) Other Payable	1352.83	0.00
(r) Miscellaneous Liabilities	1.53	155.71
<b>Total</b>	<b>81921.52</b>	<b>53133.82</b>

\* Note: There was no amount outstanding as on 31.03.2016, which is required to be transferred to Investor Education and Protection Fund (IEPF)

### 2.10 Short-Term Provisions

(a) Provision for Employee Benefits	340.14	128.52
(b) Periodic Major Maintenance	2863.80	0.00
(c) Proposed Dividend	1200.74	1200.51
(d) Tax on Proposed Dividend	244.44	244.39
(e) Provision for Wealth Tax	5.36	2.59
(f) Provision for Income Tax	10915.66	15565.99
<b>Total</b>	<b>15570.14</b>	<b>17142.00</b>

### Fixed Assets

(₹ in Lakhs)

Particulars	Gross Block				Depreciation and Amortisation					Net Block		
	As at 01-04-2015	Additions during the year	Adjustment/ deductions during the year	Adjustment/ on Account of Foreign Exchange	As at 31-03-2016	As at 01-04-2015	For the year	Adjustment/ deductions during the year	Adjustment in Reserve as per Schedule II	As at 31-03-2016	As at 31-03-2016	As at 31-03-2015
<b>2.11 Tangible Assets:</b>												
Land Free Hold	678.50	950.12	(5.10)	-	1,633.72	-	-	-	-	-	1,633.72	678.52
Building	5,509.16	205.00	928.51	-	4,785.65	459.84	105.01	46.63	-	518.22	4,267.43	5,049.30
Machineries	72,133.23	10,244.81	2,453.20	343.02	80,267.86	28,977.97	7,957.71	1,603.58	-	35,332.10	44,935.76	43,155.25
Furniture	2,028.49	0.10	98.67	-	1,929.92	422.93	186.91	34.89	-	574.95	1,354.97	1,605.51
Vehicles	1,229.92	416.27	59.62	-	1,586.57	806.49	175.64	(64.49)	-	1,046.62	539.95	423.47
Computer	123.20	81.32	3.90	-	200.62	103.55	55.76	(16.30)	-	175.61	25.01	19.69
Office Equipments	739.88	54.32	2.20	-	792.00	518.67	57.31	(9.10)	-	585.08	206.92	221.16
Wind Mills	5,169.36	-	-	294.05	5,463.41	762.51	235.70	-	-	998.21	4,465.20	4,406.85
Assets Not put to use	-	92.95	-	-	92.95	-	-	-	-	-	92.95	-
**Advertisement hoarding under Disposal	50.50	-	29.20	-	21.30	-	-	-	-	-	21.30	50.50
<b>Total (i)</b>	<b>87,662.24</b>	<b>12,044.89</b>	<b>3,570.20</b>	<b>637.07</b>	<b>96,774.00</b>	<b>32,051.96</b>	<b>8,774.04</b>	<b>1,595.21</b>	<b>-</b>	<b>39,230.79</b>	<b>57,543.21</b>	<b>55,610.25</b>
<b>2.12 Intangible Assets:</b>												
Computer Software	897.25	67.70	-	-	964.95	738.32	86.86	-	-	825.18	139.77	158.95
Toll Rights	6,31,235.63	3,53,427.90	(931.82)	4,310.70	9,89,906.05	35,819.32	16,494.70	(10,402.90)	-	62,716.92	9,27,189.13	5,95,416.31
User Fees Rights	1,08,844.30	14,540.20	385.30	-	1,22,999.20	1,249.13	1,658.80	-	-	2,907.93	1,20,091.27	1,07,595.17
Toll Plaza Booth Work	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (ii)</b>	<b>7,40,977.18</b>	<b>3,68,035.80</b>	<b>(546.52)</b>	<b>4,310.70</b>	<b>11,13,870.20</b>	<b>37,806.77</b>	<b>18,240.36</b>	<b>(10,402.90)</b>	<b>-</b>	<b>66,450.03</b>	<b>10,47,420.17</b>	<b>7,03,170.43</b>
<b>2.11 Capital Work in Progress:</b>												
Toll Plaza Building	66.80	-	66.80	-	-	-	-	-	-	-	-	66.80
<b>Total (iii)</b>	<b>66.80</b>	<b>-</b>	<b>66.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66.80</b>

# Notes on Accounts forming part of Consolidated Financial Statements

## Fixed Assets

(₹ in Lakhs)

Particulars	Gross Block				Depreciation and Amortisation				Net Block			
	As at 01-04-2015	Additions during the year	Adjustment/ deductions during the year	Adjustment/ on Account of Foreign Exchange	As at 31-03-2016	As at 01-04-2015	For the year	Adjustment/ deductions during the year	Adjustment in Reserve as per Schedule II	As at 31-03-2016	As at 31-03-2016	As at 31-03-2015
<b>2.12 Intangible assets under development:</b>												
Road Development Expenditure	1,59,258.98	1,46,807.92	97,168.30	-	2,08,898.58	-	-	-	-	-	2,08,898.58	1,59,258.98
Expenditure During Construction Period (Pending Allocation) [Refer not no. 2.12(i)]	23,355.89	20,751.20	19,303.90	-	24,803.19	-	-	-	-	-	24,803.19	23,355.89
Road and Check Post Development Work	9,388.30	2,885.80	5,213.90	-	7,060.20	-	-	-	-	-	7,060.20	9,388.30
Building Development Work	1,384.19	1,519.00	1,284.30	-	1,618.89	-	-	-	-	-	1,618.89	1,384.19
Computerisation and Check Post Integration Work	4,834.15	1,212.70	2,746.00	-	3,300.85	-	-	-	-	-	3,300.85	4,834.15
Other Direct Capital Expenses	245.66	470.70	435.10	-	281.26	-	-	-	-	-	281.26	245.66
Project Upfront Fees	2,466.55	-	724.50	-	1,742.05	-	-	-	-	-	1,742.05	2,466.55
<b>Total (iv)</b>	<b>2,00,933.72</b>	<b>1,73,647.32</b>	<b>1,26,876.00</b>	<b>-</b>	<b>2,47,705.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,47,705.02</b>	<b>2,00,933.72</b>
<b>Total (i)+(ii)+(iii)+(iv)</b>	<b>10,29,639.94</b>	<b>5,53,728.01</b>	<b>1,29,966.48</b>	<b>4,947.77</b>	<b>14,58,349.22</b>	<b>69,858.73</b>	<b>27,014.40</b>	<b>(8,807.69)</b>	<b>-</b>	<b>1,05,680.82</b>	<b>13,52,668.40</b>	<b>9,59,781.20</b>
Previous Year	6,46,939.99	4,08,995.75	28,952.15	2,656.33	10,29,639.92	46,279.13	21,927.32	1,006.61	-	69,858.72	9,59,781.20	-
<b>2.12 Intangible Assets:</b>												
Goodwill on Consolidation	14,849.30	21,121.40	-	-	35,970.70	1,521.80	1,727.20	-	-	3,249.00	32,721.70	13,327.50
<b>Total</b>	<b>14,849.30</b>	<b>21,121.40</b>	<b>-</b>	<b>-</b>	<b>35,970.70</b>	<b>1,521.80</b>	<b>1,727.20</b>	<b>-</b>	<b>-</b>	<b>3,249.00</b>	<b>32,721.70</b>	<b>13,327.50</b>
Previous Year	7,204.00	7,645.30	-	-	14,849.30	1,100.60	421.20	-	-	1,521.80	13,327.50	-

- Advertisement hoarding under disposal are stated at the lower of their net block or net realisable value.
- Toll collection rights also include premium paid / payable under the concession agreement over the concession period.
- The addition in Toll collection rights includes ₹ 1,02,260.10 Lakhs (Nil) Premium obligation under concession agreement which is capitalized as part of project cost.
- Project upfront fees represent amount paid to Maharashtra State Road Development Corporation Limited (MSRDC) as per Project Tender Terms.
- In term of the Concession agreement, deposits for electricity supply is considered as a part of the project cost.
- Adjustment in the Gross Block of Intangible assets of NIL (₹ 1,691.50 Lakhs) and Intangible assets under development of NIL (₹ 362.20 Lakhs) is on account of CENVAT credit availed as per provisions of Cenvat Credit Rules, 2004.
- The Group has adopted an option under Para 46A of AS 11, inserted by notification no. G.S.R. 914(E) dated 29th March, 2011 issued by Ministry of Company Affairs, and accordingly the exchange difference arising on reporting of long-term foreign currency monetary items, in so far as they relate to the acquisition of depreciable asset, is added or deducted from the cost of the asset and shall be amortised over the balance life of the asset. During the year the Group has added ₹ 4,947.77 Lakhs (Previous year ₹ 2,656.33 Lakhs) to the capital asset towards such exchange differences. The unamortised amount of such exchange difference included into the carrying amount of asset is ₹ 15,232.18 Lakhs (Previous year ₹ 10,315.04 Lakhs).
- Adjustment in the gross block of Intangible assets ₹ 385.20 Lakhs is on account of revision in the price escalation formula as per recommendation made by Technical Expert Committee appointed by steering committee of project. Also refer note 2.45.
- The Company has applied the different estimated useful lives as specified in Schedule II in respect of certain assets as disclosed in accounting policy on depreciation on the basis of working of machineries in very tough condition at project sites. In support of that Company has also taken an opinion of Chartered Engineer & Valuer regarding the different useful life. Accordingly the unamortized carrying value of those assets is being depreciated over the remaining useful life as adopted by the Company instead of useful life specified in the Schedule II. This changes result in a higher depreciation of ₹ 784.99 lakhs (₹ 537.89 lakhs) charged to profit and loss account.

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.12(i) Expenditure during construction period (Pending Allocation):</b>		
<b>(a) Opening Balance</b>	23,355.88	13,062.88
<b>(b) Additions during the year</b>		
<b>(i) Finance Costs</b>		
Interest on :		
Long-term Borrowings	19,519.60	12,542.10
Short-term Borrowings	4.90	11.80
Other borrowing cost:		
Bank Charges & Other Charges	171.80	109.20
Processing, Upfront and Syndication Fees	2.70	347.90
Ancillary Borrowing Cost	0	2,013.50
	<b>19,699.00</b>	<b>15,024.50</b>

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>Less: Other Income</b>	-	-
Gain on sale of units of mutual fund and dividend income	(94.00)	28.00
Interest on fixed deposits with banks	(11.20)	6.50
	<b>(105.20)</b>	<b>34.50</b>
<b>Total (i)</b>	<b>19,593.80</b>	<b>14,990.00</b>
<b>(ii) Other Expenses</b>		
Rent	39.20	31.50
Insurance	8.10	34.80
Rates and Taxes	-	0.80
Independent Consultant Fee	387.00	-
Employee Benefits	57.90	31.50
Legal & Professional Fees	461.20	546.60
Travelling & Conveyance	12.00	22.35
Auditors Remuneration	11.40	7.10
Other Miscellaneous Expenses	180.60	51.70
<b>Total (ii)</b>	<b>1,157.40</b>	<b>726.35</b>
<b>Total (i) + (ii)</b>	<b>20,751.20</b>	<b>15,716.35</b>
<b>(c) Add / (Less): Adjustments/ Deduction during the year</b>		
CENVAT Credit availed	-	(99.10)
Capitalised in Intangible asset / Written off	(19,303.90)	(5,324.25)
<b>Closing Balance (a)+(b)-(c)</b>	<b>24,803.18</b>	<b>23,355.88</b>

### 2.13 Non-current Investments

#### (A) Trade Investment

Investment in Equity Instruments (Unquoted) :-

##### In Associate companies:-

(a) Equity Participation in Mumbai Nasik Expressway Ltd. (SPV) Nil (10400000) Fully Paid up Equity Shares of ₹ 10/- each

0.00

2043.50

NIL (1,04,00,000) shares held in Mumbai Nasik Expressway Ltd., are pledged with the lenders of Mumbai Nasik Expressway Ltd.

**0.00**

**2043.50**

##### Others

(a) 25000 (25000) Fully Paid up Equity Shares of Saket Projects Ltd. of ₹ 10/- each

2.50

2.50

(b) 900 (900) Fully Paid up Equity Shares of Ocean Bright Corp., Hongkong of HK\$ 1/- each

0.06

0.06

(c) 5,55,370 (Nil) Fully Paid up Equity Shares of Indian Highways Management Co. Ltd. of ₹ 10/- each

55.54

55.54

(d) 9.5% 20 (20) Bonds of Yes Bank of ₹ 10,00,000/- each

200.00

200.00

(e) Bond of Sardar Sarovar Narmada Nigam Limited

27.57

27.57

(f) 12.5% 10 (10) Nos Debentures of Srei Equipment Finance Ltd. of ₹ 10,00,000/- each

100.00

100.00

(g) Government Securities - NSC

14.09

13.30

(h) Investment Properties - Land

208.50

199.40

**608.26**

**598.37**

**Total**

**608.26**

**2641.87**

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.14 Deferred Tax Asset</b>		
<b>(a) Deferred tax assets in case of SIPL- Standalone:</b>		
In accordance with Accounting Standard 22 "Accounting for Taxes on Income". The components of Deferred Tax Assets and Liability are as under:-		
<b>Deferred Tax Assets</b>		
Gratuity	0.00	0.00
Carry forward of business losses and unabsorbed depreciation as per Income Tax Act, 1961	0.00	2.10
Deferred Tax Liability		
Difference in Book and Tax Depreciation	0.00	2.10
<b>Deferred Tax Assets</b>	<b>0.00</b>	<b>0.00</b>
<b>(b) Deferred tax assets and liabilities in case of Step Down Subsidiaries:</b>		
In accordance with Accounting Standard 22 "Accounting for taxes on income", the subsidiaries & step down subsidiary companies have net deferred tax assets. However, in view of losses incurred under Income Tax Act, 1961 by the step down subsidiaries during the current year, deferred tax assets on timing difference on unabsorbed depreciation and business losses have not been accounted for in the books since it is not virtually certain that they will be realised against future profits. Some of the subsidiary & step down subsidiaries are also entitled for deduction under section 80IA of the Income Tax Act, 1961, which they propose to claim in the subsequent years.		
<b>2.15 Long Term Trade Receivables</b>		
Trade Receivables (Unsecured considered good)		
Due from Others	3784.45	2926.68
<b>Total</b>	<b>3784.45</b>	<b>2926.68</b>
<b>2.16 Long Term Loans, Advances and Deposits</b>		
Unsecured, considered good		
(a) Advances for Goods and Services	259.21	909.99
(b) Advances to Suppliers for Fixed Assets	590.43	523.43
(c) Sub-ordinate Debts - to related parties	0.00	11240.00
(d) Security & Other Deposits	68.20	78.20
(e) Advance Income Tax	2465.60	2161.00
(f) Deferred Cenvat Credit (refer note below)	829.50	746.03
(g) Tax Credits & Receivables	216.60	82.40
<b>Total</b>	<b>4429.54</b>	<b>15741.05</b>
Note : The CENVAT credit of ₹ 829.50 Lakhs (Previous year: ₹ 746.03 Lakhs) on works contract for construction of building and civil infrastructure have been accounted as Deferred CENVAT credit account. The utilization of deferred CENVAT credit is subject to assessment made by the statutory authority.		
<b>2.17 Other Non Current Assets</b>		
Unamortised Option Premium / Discount on NCD	1598.30	529.30
Interest Accrued But Not Due on Non current Investment	0.00	0.10
Interest receivable on unsecured Loan	0.00	4148.90
Ancillary cost of arranging the Borrowings	0.00	675.10
<b>Total</b>	<b>1598.30</b>	<b>5353.40</b>
<b>2.18 Current Investments</b>		
Trade : Un-quoted		
Investment in units of Mutual Fund	2631.48	470.10
<b>Total</b>	<b>2631.48</b>	<b>470.100</b>

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.19 Inventories</b>		
(a) Construction Materials	12628.54	20112.79
(b) Work in Progress	511.39	511.39
(c) Stores & Spares	964.76	712.99
<b>Total</b>	<b>14104.69</b>	<b>21337.17</b>
<b>2.20 Trade Receivables</b>		
Trade Receivables (Unsecured considered good)		
(a) Debts outstanding for more than six months		
Due from Others	0.00	4175.77
(b) Other Debts		
(i) Due from Companies in which directors of the company are directors	35992.18	24807.09
(ii) Due from Others	46182.58	39413.46
<b>Total</b>	<b>82174.76</b>	<b>68396.32</b>
<b>2.21 Cash and Bank Balance</b>		
(A) Cash and Cash Equivalent		
(a) Cash On Hand	420.89	278.90
(b) Balance with Banks		
(i) In Current Accounts (refer note (ii) below)	6308.45	13562.41
(ii) In Fixed Deposit original maturities of 3 months or less (refer note no (iv) below)	250.00	250.00
(iii) In Fixed Deposits with original maturity for more than 3 months but less than 12 months (refer note (iv) below)	2521.00	3300.30
(B) Other Bank Balances		
(a) In Fixed Deposit of more than 3 Months Maturity (refer note (v) & (vi) below)	2906.30	2867.12
(b) In earmarked accounts		
(i) For Margin Money	3.50	5.41
(ii) For Debt Service Reserve (refer note no (v) below)	210.80	210.80
(iii) For unpaid share application refund money	1.20	0.00
(iv) Unclaimed Dividend	4.77	4.66
(v) Unclaimed Right Issue Money	0.01	0.01
<b>Total</b>	<b>12626.92</b>	<b>20479.61</b>

- (i) Cash on hand includes amount collected towards toll charges / user fee, pending for deposit with the bank.
- (ii) Balance with Bank in current accounts of ₹ 5,807.00 Lakhs (₹ 12,498.10 Lakhs) includes balances lying in Escrow Account, as per terms of borrowings with the lenders.
- (iii) Balance with bank includes deposits of ₹ 2,006.02 Lakhs (2,551.72 Lakhs) with remaining maturity of more than 12 months.
- (iv) Balance with Banks in fixed deposit includes balance of ₹ 2,521.00 Lakhs (₹ 3,300.30 Lakhs) being the deposit earmarked for Debt Service Reserve (DSR) of term loan of Bijapur Hungud Tollway Pvt. Ltd. (BHTPL)
- (v) Fixed deposit is lying with the bank in the name of IL&FS Trust Company Limited (ITCL) designated account as per terms of debenture trust cum mortgage deed towards debt servicing reserve of Redeemable Non Convertible debentures (NCD) of ₹ 14,054.10 Lakhs.
- (vi) Fixed Deposit includes ₹ 2,909.80 Lakhs (2,872.53 Lakhs) Pledged with Central and various State Governments/ Undertakings & Local Bodies.

## Notes on Accounts forming part of Consolidated Financial Statements

(₹ in Lakhs)

	As at 31-03-2016	As at 31-03-2015
<b>2.22 Short-term Loans and Advances</b>		
Unsecured, considered good		
(a) Advances		
(i) Advances for goods and Services	13756.14	14266.83
(ii) Advances to Others	100.25	188.88
(b) MAT Credit Entitlement	2266.96	2661.50
(c) Advance Income Tax	22437.94	22014.71
(d) Advance Sales Tax & Service Tax	3080.67	4013.46
(e) Prepaid Expenses	1196.84	1249.53
(f) Group Gratuity Fund	0.00	7.25
(g) Security & Other Deposits	15594.12	18925.90
(h) Loan to Related Parties	0.00	1372.80
(i) Tax Credit & Receivable	1384.20	302.00
(j) Inter Corporate Loans	1703.70	4188.00
<b>Total</b>	<b>61520.82</b>	<b>69190.85</b>
<b>2.23 Other Current Assets</b>		
(a) Interest Accrued But Not Due on Investment	37.99	130.46
(b) Receivable from Authority	1104.40	901.50
(c) Receivable Against Sale of Assets	157.53	1394.78
(d) Grant Receivable (Refer Note below)	2993.70	6290.60
(e) Unamortised Option Premium / Discount on Debentures	278.70	192.60
(f) Discount on debentures, pending amortisation	206.70	206.70
(g) Deferred Revenue Expenditure	2852.77	1461.37
(h) Income Tax Refund Receivable	820.02	0.00
(i) Interest receivable on unsecured loan	29.20	783.40
(j) Unbilled Revenue	150.90	0.00
(k) Initial Public Issue Expense (Refer Note No 2.40)	0.00	661.80
(l) Receivable from EPC contractor towards change of scop	0.00	172.70
(m) Recoverable in Cash or Kind		
Due from others	3405.03	1457.48
<b>Total</b>	<b>12036.94</b>	<b>13653.39</b>

**Note:** As per the respective Concession Agreements between ARRIL and Ahmedabad Urban Development Authority (AUDA) and, between BRTPL & RHTPL and NHAI, ARRIL, BRTPL and RHTPL are entitled to receive grant of ₹ 360.00 Lakhs, ₹ 22,640.00 Lakhs and ₹ 21,150.00 Lakhs, respectively for meeting the part project cost subject to the conditions laid down in the Concession Agreements. Upto March 31, 2016 the said companies have received grant of ₹ 2,957.60 Lakhs, ₹ 22,968.50 Lakhs and ₹ 16,356.30 Lakhs in ARRIL, BRTPL and RHTPL, respectively. Also, ARRIL, BRTPL and RHTPL have grant of ₹ 6,424.00 Lakhs, ₹ 13,014.00 Lakhs and ₹ 10,490.90 Lakhs, respectively as receivable since the conditions of the Concession Agreement related to grant have been met.

## Notes forming Part of the Consolidated financial statements

(₹ in Lakhs)

	2015-2016	2014-2015
<b>2.24 Revenue from Operations</b>		
Contracts Receipt		
EPC Contract Income [Refer Note (b) below]	319958.74	296671.96
Operation, Maintenance & Supervision Income	0.20	0.00
Revenue from Toll Collection & Annuity Income [Refer note (a) below]	51417.60	39187.40
User Fees (gross) (refer Note no 2.46)	15422.00	8161.00
Sale of Services		
Advisory and Project Management Fees	21.00	12.00
Other Operating Income	931.96	645.76
<b>Total</b>	<b>387751.50</b>	<b>344678.12</b>
<p>(a) In case of AJTL, Government of Maharashtra, vide Notification dated 26th May 2015 has exempted Light Motor Vehicles and Buses of Maharashtra State Road Transport Corporation (MSRTC) from payment of toll, w.e.f. 01-06-2015. However the government has not prepared any policy or modalities by which the Concessionaire i.e. company will be reimbursed the losses. Pending the announcement by the government of its policy/modalities for reimbursement of losses, the AJTL has recognised revenue of toll collection of ₹ 904.5 Lakhs for the period 01-06-2015 to 31-03-2016 in respect of exempted vehicles based on the projections submitted to Maharashtra government under the concession agreement. The Government of Maharashtra has paid amount of ₹ 529.5 Lakhs upto 31st March, 2016 to the AJTL in this respect.</p> <p>(b) During the year, the SIPL has accounted Contract Income towards cost escalation claim, of ₹ 440.6 Lakhs (₹ 728.7 Lakhs) from Maharashtra Border Check Post Network Limited in line with cost escalation principal (cost escalation formula) recommended by Technical Evaluation Committee duly appointed by project steering committee of Maharashtra State Road Development Corporation ('The Project Authority'), which has been approved by Lender's engineers of the customer.</p>		
<b>2.25 Other Income</b>		
(a) Interest Income		
(i) From Related Parties (refer note no. 2.36)	625.50	1236.40
(ii) From Current Investments	426.93	262.43
(iii) From Non -Current Investments	113.58	214.20
(iv) From Others	2334.00	887.43
(v) From Income Tax & MVAT Refund	29.90	30.10
(b) Dividend Income	0.00	6.20
(c) Profit on sale of Investment/Units of Mutual Funds	383.80	1351.57
(d) Profit on Sale of Assets	294.79	53.49
(e) Other Non-operating Income		
(i) Sundry Balances Written Back	4.10	101.80
(ii) Miscellaneous Income	250.38	276.08
<b>Total</b>	<b>4462.97</b>	<b>4419.70</b>
<b>2.26 Cost of Material Consumed</b>		
Opening Stock	19034.36	14193.45
Add Purchase	88712.75	77850.84
	107747.11	92044.29
Less Closing Sock of Material	12585.94	19034.36
<b>Total</b>	<b>95161.17</b>	<b>73009.93</b>
<b>2.27 Changes in Inventory of finished goods, Work-in-Progress and Stock-in-trade</b>		
Opening Work-in-Progress	511.39	929.59
Less : Closing Work-in-Progress	511.39	511.39
<b>Total</b>	<b>0.00</b>	<b>418.20</b>



## Notes forming Part of the Consolidated financial statements

(₹ in Lakhs)

	2015-2016	2014-2015
<b>2.28 Construction, Toll Plaza and Road Maintenance Expenses</b>		
Labour Expenses	116288.99	130412.94
Power & Fuel	33868.82	34855.42
Stores Consumed	1039.53	740.49
Repairs & Maintenances	4623.96	3670.60
Transportation Expenses	600.88	476.20
Machinery Rent	3762.99	1548.34
Land Rent	347.76	311.31
Site Establishment Expenses	1307.69	1581.84
Mess Expenses	796.71	600.81
Toll Plaza Road maintenance & Operation expenses	2725.00	2681.50
Periodic Major Maintenance (Refer Note No 2.41)	10655.20	5863.46
Security Expenses	1092.50	692.90
Miscellaneous Expenses	707.10	772.30
<b>Total</b>	<b>177817.13</b>	<b>184208.11</b>
<b>2.29 Employee Benefits Expense</b>		
Salary & Wages	14058.43	11042.38
Contribution to PF and Other Funds	654.91	466.45
Group Gratuity Fund Expenses	86.66	166.71
Expense on Employee Stock Option Scheme	0.00	85.68
Staff Welfare expenses	466.35	407.61
<b>Total</b>	<b>15266.35</b>	<b>12168.83</b>
<b>2.30 Finance Cost</b>		
Interest Expenses		
On Borrowings	64826.04	56924.93
On Taxes	106.38	34.47
Deferred Additional Concessional Fees	853.60	238.40
Other Borrowing Costs	2522.98	2114.45
Premium on redemption of Non Convertible Debentures (NCDs)	2932.80	1066.00
Option Premium	1359.50	1123.00
<b>Total</b>	<b>72601.30</b>	<b>61501.25</b>

One of the step-down Subsidiaries, viz. MBCPNL capitalizes each checkpost from the date it receives provisional completion certificate from the engineer appointed by Maharashtra State Road Development Corporation (Project Implementation Agency). In respect of such check posts Pending receipt of notification from government authorities to start collecting user service fee, the cost incurred (including interest costs) from the date of capitalization of checkpost till the notification to collect user service fee is expensed to Consolidated statement of profit and loss. MBCPNL has expensed aggregate of ₹ 1333.60 Lakhs (₹ 1212.40 Lakhs) relating to such nature of interest costs (with corresponding no user service fee income) in the Consolidated statement of profit and loss pertaining to such check posts.

## Notes forming Part of the Consolidated financial statements

(₹ in Lakhs)

	2015-2016	2014-2015
<b>2.31 Other Expenses</b>		
Rent Expenses	65.92	141.36
Rates & Taxes (Refer note no 2.45)	11987.39	8652.37
Vehicle Rent	349.32	254.65
Running & Maintenance of Vehicles	193.45	93.77
Repairs & Maintenances		
Building	16.15	0.84
Others Assets	109.47	159.84
Insurance	755.53	570.85
Electricity Charges	16.04	17.17
Postage & Telephone	167.18	142.06
Stationary & Printing	106.07	99.79
Traveling & Conveyance Expenses	239.46	297.99
Directors' Traveling & Conveyance Expenses	13.95	30.61
Legal & Consultation Fees & Expenses	2859.40	2917.74
Donation to Bhartiya Janata Party	0.00	35.00
Donation Expenses	99.09	189.26
Other Bank Charges	231.84	152.02
Auditors Remuneration	108.93	98.36
Loss on Sales of Assets & Asset Written Off	173.96	885.32
Trade Receivable written off	4.90	4.00
Provision for Bad debts	0.10	7.00
Loss due to riots / writing off of asset	66.70	0.00
Assets Written Off	0.00	11.54
Listing Fees	148.60	0.00
Miscellaneous Expenses	1178.30	1344.96
Corporate Social Responsibility Expenses	268.08	326.57
Preliminary Expenses Written off	0.00	0.25
<b>Total</b>	<b>19159.83</b>	<b>16433.32</b>
<b>2.32 Basic EPS</b>		
Net Profit after Tax	(4675.41)	(17548.65)
Weighted Average number of Equity Shares	17,15,31,988	15,69,19,684
Basic EPS (₹)	(2.73)	(11.18)
<b>Diluted EPS</b>		
Net Profit after Tax	(4675.41)	(17548.65)
Weighted Average number of Diluted Equity Shares	17,15,62,858	15,69,76,006
Basic EPS (₹)	(2.73)	(11.18)

### 2.33 Contingent Liabilities and commitments

#### A Contingent Liabilities

(a) Claims against the company not acknowledged as debt:-

- (i) Sarda Energy and Minerals Ltd. (Formerly known as Raipur Alloys Limited) has filed a suit for recovery of ₹ 46.42 Lakhs (₹ 46.42 Lakhs) against the company and its directors and officers holding them jointly and severally liable. The Company purchased steel and TMT bar from Sarda Energy and Minerals Limited, for which the latter claimed ₹ 46.42 Lakhs (₹ 46.42 Lakhs) balance to be paid and filed Civil Suit at Civil Court, Nagpur. The company has challenged the jurisdiction of the court along with an application for stay of the Impugned Order. The Bombay High Court, Nagpur bench, through its interim order, granted a stay pending the decision of the appeal and directed the company to deposit 50% of the amount of the decree passed by the Civil Judge. The company has paid ₹ 21.20 Lakhs. The matter is pending before the Civil Court, Nagpur. Company has not made any provision for the said liability in its Books of Accounts.
- (ii) Company has received order of the Commissioner of service tax on 1st April, 2013 wherein Commissioner upheld the demand of ₹ 199.13 Lakhs (₹ 199.13 Lakhs) and impose penalty of ₹ 345.92 Lakhs (345.92 Lakhs). Company filed appeal before CESTAT and received unconditional stay order on order of Commissioner hence no provision has been made.

- (iii) The ACIT, Central Circle-1(1), Ahmedabad served an assessment order to SEL in relation to adjustment of losses incurred by the undertaking of SEL against the eligible income of the undertakings while computing the deductions and other expenses for the assessment years 2005-06, 2006-07 & 2007-08 (the "Impugned Order"). SEL preferred an appeal before the CIT (Appeals)-XIV (the "CIT Appeals") challenging the Impugned Order. The CIT Appeals, through its order, partly disallowed SEL's claim for deduction and other expenses under Section 80-IA of the IT Act and other expenses, (the "CIT(A) Order"). Subsequently, SEL preferred an appeal before the ITAT challenging CIT (A) Order and the ACIT, Central Circle-1(1), Ahmedabad also preferred an appeal before the ITAT against the CIT(A) Order. The ITAT, through its order, allowed deductions under Section 80-IA of the IT Act (the "ITAT Order"). The CIT filed a review petition before the ITAT. Subsequently, the CIT preferred an appeal before the Gujarat High Court against the ITAT Order. The aggregate amount of Tax Liability for All the 3 Asst. Year involved is ₹ 611.03 Lakhs. The matter is currently pending.
- (iv) The DCIT, Central Circle 1(1), Ahmedabad issued a show cause notice to SEL seeking reasons for not imposing a penalty under Section 271(1)(c) of the IT Act with respect to the alleged concealment of particulars of income and inaccurate particulars being furnished for assessment year AY 2011-12. SEL filed a reply to the show cause notice. The DCIT, Central Circle 1(1), Ahmedabad passed orders for AY 2011-12 imposing total penalty of ₹ 13.25 Lakhs (the "Penalty Order"). Subsequently, SEL has preferred an appeal before the CIT, Appeals-11, Ahmedabad against the Penalty Orders. CIT Appeals-11 has passed the order and drop the penalty proceedings. The DCIT, Central Circle 1(1) filed the appeal with ITAT, Ahmedabad. The matters are currently pending.
- (v) The ACIT, Central Circle 1(1), Ahmedabad served five assessment orders to SEL along with five demand notices for an aggregate amount of ₹ 1277 Lakhs in relation to the assessment years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 on account of disallowance of some expenditure and deductions under Section 80-IA of the IT Act. SEL preferred an appeal before the CIT (Appeals). The CIT Appeals, through its order, allowed the expenditure and deductions amounting to ₹ 5746.80 Lakhs. Subsequently, the ACIT, Central Circle 1(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount involved is ₹ 1953.30 Lakhs. The matter is currently pending.
- (vi) The DCIT, Central Circle 1(1), Ahmedabad has reopened the case for AY 2011-12 and passed the order by disallowing the expenditure of ₹ 378.99 Lakhs. Subsequently, SEL has preferred an appeal before the CIT, Appeals-11, Ahmedabad against the said Orders. The aggregate amount of tax involved is ₹ 244.64 Lakhs. The matter is currently pending.
- (vii) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 450.73 Lakhs and disallow SEL's claim for deduction for a sum of ₹ 379.47 Lakhs under Section 80IA(4) of the IT Act for assessment years 2012-13 with respect to agreements entered with GoI and state governments for construction of highways and roads. The DCIT, Central Circle 1(1), Ahmedabad further held that SEL is a contractor who executed the work and was not eligible for such deductions. SEL preferred an appeal before the CIT, Central Circle- 1(1). The CIT Appeals, through its order, allowed the expenditure and deductions amounting to ₹ 829.90 Lakhs. Subsequently, the ACIT, Central Circle 1(1), Ahmedabad preferred an appeal before the ITAT. The aggregate amount of tax involved is ₹ 269.36 Lakhs. The matter is currently pending.
- (viii) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 377.87 Lakhs and disallow SEL's claim for deduction for a sum of ₹ 7716.78 Lakhs under Section 80IA(4) of the IT Act for assessment years 2013-14. SEL has preferred an appeal before the CIT(A), Ahmedabad. The aggregate amount of tax involved is ₹ 836.74 Lakhs. The matter is currently pending.
- (ix) The DCIT, Central Circle 1(1), Ahmedabad, through its order, disallowed expenses of ₹ 448.85 Lakhs and disallow SEL's claim for deduction for a sum of ₹ 2993.28 Lakhs under Section 80IA(4) of the IT Act for assessment years 2014-15. SEL has preferred an appeal before the CIT(A), Ahmedabad. The aggregate amount of tax involved is ₹ 1048.50 Lakhs. The matter is currently pending.
- (x) The Deputy Commercial Tax Commissioner, Audit Divison-1 Ahmedabad has passed order against "Jilin Sadbhav JV" for VAT demand of ₹ 702.00 Lakhs inclusive of interest ₹ 330.18 Lakhs and Penalty of ₹ 74.36 Lakhs. In Jilin-Sadbhav JV, Sadbhav Engineering Limited is having 48% share. Against this Order the Joint Venture has filed an appeal in the Gujarat Value Added Tax Tribunal at Ahmedabad. The Tribunal, through its order, granted a stay against the recovery of outstanding demand on payment of ₹ 15 Lakhs. The company has paid ₹ 15.00 Lakhs. hence no provision has been made.
- (xi) The Company has received a show cause notice from the office of Mining Engineer, Mines and Geology Department, Udaipur on 05/02/2014 imposing penalty of ₹ 81.32 Lakhs under rule 63, 37A (IX) of Rajasthan Minor Mineral Concession Rules, 1986. The Company has filed a Civil Writ Petition No.2635/2014 in The High Court of Rajasthan against the said notice. The Company has deposited ₹ 30.00 Lakhs with the Mining Engineer, Mines and Geology Department, Udaipur as per stay order of the Honourable Court. Further proceeding is pending, hence no provision has been made.
- (xii) The Deputy commissioner of Commercial Taxes, Jharkhand has passed an Assessment Order under Jharkhand Value Added Tax, 2005 for FY 2010-11 for demand of ₹ 77,40,217 and also has passed order for FY 2011-12 with demand of ₹ 1,52,83,176/-. The company has filed Revision Application against both the orders to the "The Commissioner, Commercial Taxes Department - Jharkhand" therefore the same has not been provided in the Books of Accounts.

- (xiii) The Dy. Excise & Taxation Commissioner cum Revisional Authority Sirsa has passed the Revised Order u/s 34(2) of Haryana Value Added Tax Act 2003 for FY 2010-11 with demand of ₹ 10,44,692 which includes Interest of ₹ 5,22,346/-. The same Authority has also passed the Revised Order for FY 2011-12 for demand of ₹ 1,49,40,414/- which includes the Interest of ₹ 67,31,395/- The Company has filled the Appeal against the both these orders to the Honorable "VAT Tribunal, Haryana" therefore the same has not been provided in the Books of Accounts.
- (xiv) The Assessing Authority, Sirsa (Haryana) has passed the Order u/s 15(2) of Haryana Value Added Tax Act, 2003 for the FY 2012-13 with demand of ₹ 1,43,50,963 which includes interest of ₹ 55,01,977/-. The Company has filed the Appeal against this order to The Appellate Authority Haryana other than Tribunal, u/s 33 of HVAT Act, 2003.
- (xv) (i) A case before Workmen Compensation Commissioner , udaipur was filled for compensation of ₹ 11.69 Lakhs under Employees Compensation Act, 1923. The matter is currently pending.  
(ii) A case before Labour Court, Jabalpur was filled for compensation of ₹ 15.40 Lakhs under Industrial Dispute Act, 1947. The matter is currently pending.  
(iii) An employee has filled case before Labour court at Balaghat for compensation of ₹ 13.20 Lakhs under Workmen Compensation Act, 1923. The matter is currently pending.
- (xvi) The income tax demands of ₹ 284.40 Lakhs (₹ 1410.4 Lakhs) are pertaining to various step down subsidiary entities on account of disallowance in computation of income claimed by the entities under the Income tax Act. The entities are contesting the demands and the management believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.
- (xvii) service tax demand of ₹ 434.80 Lakhs (₹ 434.80 Lakhs) from authorities for recovery of CENVAT credit on input service availed during the financial years 2009-10 and 2010-11. In respect of said matter, the Company has preferred appeal with Tribunal, for which company has deposited ₹ 25 Lakhs and received stay order from tribunal for recoveries of demands. Further the matter is pending with Tribunal as at reporting date.
- (xviii) In case of ARRIL, interest of ₹ 83.80 Lakhs has been charged by IIFCL at higher than agreed rate and the same is not accepted by the company.
- (b) Other Money for which the company is contingently liable:-
- (i) The Finance Act (2), 2009 has amended Section 80IA(4) of the Income Tax Act, 1961 by substituting an explanation to Section 80IA with retrospective effect from 01.04.2000. On the basis of legal opinion and decided cases, the Company has continued to claim deduction under section 80-IA(4) of the Act on eligible projects and consequently the Company considers it appropriate not to create a liability for provision of Income Tax. However an amount of Total income tax of ₹ 5362.73 Lakhs on claim of deduction u/s 80IA for the AY 2013-14 to AY 2016-17 has been consider as contingent liability for which assessment is not completed.
- (ii) Siddharth Infra projects Private Limited (the "Claimant") has initiated an arbitration proceeding against SEL in relation to a sub-contract agreement dated October 31, 2007 between the Claimant and SEL. Pursuant to the aforesaid sub-contract agreement, SEL sub contracted the work under the main contract between SEL and MPRDC for rehabilitation and upgradation of package 11 of Seoni Chiraidongri Road. The Claimant has alleged that SEL had committed breaches of the terms of the sub-contract agreement by unilaterally reducing its scope of work covered under the sub-contract agreement without the permission of the MPRDC. The Claimant has claimed an aggregate amount of ₹ 8160 Lakhs on account of, inter alia: (i) amount not paid for the work done; (ii) overhead losses suffered by the Claimant; (iii) losses suffered on account of profit not earned at appropriate time; (iv) loss of productivity; (v) opportunity losses; (vi) compensation for interest charges paid to the bank; (vii) loss due to under utilised tools, plants and machineries. SEL has been submitted its statement of defence before the Arbitral Tribunal. The aggregate amount involved is ₹ 8160 Lakhs. The matter is currently pending.
- (c) The minority shareholders of Bijapur Hungud Tollway Private Limited ('BHTPL') (a step down subsidiary of the Company) has filed company petition under section 397 and 398 of the Companies Act, 1956 with the Company Law Board - Mumbai Bench against the Company, SIPL and its associates/affiliates wherein the SIPL is also defendant in the year 2013-14. The minority shareholders has pleaded that BHTPL awarded EPC and other contracts to the Company / affiliates which are prejudicial to the interest of BHTPL and hence should be terminated. The Company Law Board (CLB) passed an order in favour of the minority shareholder although SIPL pleaded that matter should be referred for arbitration as per terms of shareholder agreement (SHA). Against the CLB order the SIPL filed Special Civil Application (SCA) with Hon'ble High Court of Gujarat that matter of minority shareholder should be dealt as per SHA. Hon'ble High Court accepted SCA of the SIPL and granted interim relief whereby further proceeding of CLB have been stayed. Hon'ble High Court then upheld the order of the Company Law Board, vacated the interim order and dismissed the SCA. The SIPL had filed an appeal under Letters Patent Act (LPA) before the Division Bench of Hon'ble Gujarat High Court ("the Bench"). The Bench ordered a stay on the further proceedings of CLB. The SIPL, based on the representations made before the Hon'ble Gujarat High Court, has defended the matter stating that the dispute is there between the shareholders of BHTPL instead of relating to oppression and mismanagement in BHTPL. Further, it is represented that

such dispute should be resolved through arbitration agreement. During the year, the LPA is pending for final hearing before division bench of Hon'ble Gujarat High Court. The management represents that no liability is likely to devolve in the matter on the Company.

## B Capital & other Commitments

The followings are the estimated amount of contractual commitments of the company: (₹ in Lakhs)

	2015-2016	2014-2015
(a) The followings are the estimated amount of contractual commitments of the company:		
(i) Sub Ordinate Debt/Equity Shares in Subsidiary Companies	2193.20	18162.00
(ii) Other Commitment	0.00	74.16

### (b) Commitment-Derivative contract

The company uses Cross Currency Interest Rate Swap and Currency Option 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. Out standing Currency Option and Interest Swap to hedge against foreign currency exchange rates and fluctuations in interest rate are as under:

Particulars	Outstanding As at March 31, 2016	Outstanding As at March 31, 2015
Index Swap #	0.00	331.50
Currency Option-Repayment (Amount in Lakhs)		
- Equivalent INR	68911.35	69259.24
- Equivalent USD	1174.97	1275.38
Interest Swap (Amount in Lakhs)		
- Equivalent INR	13955.78	20060.94
- Equivalent USD	235.92	320.99

### Un-hedged Foreign Currency Exposure

Particulars	As at March 31, 2016		As at March 31, 2015	
	USD	INR	USD	INR
Principal & Interest Payable on Loan	8.57	568.47	10.32	645.94

ECB from Standard Chartered Bank is hedged for currency movements from the range of Rs 65.50 to ₹ 80.00, ECB of USD 15mn from DBS is hedged for currency movements from the range of ₹ 44.50 to ₹ 52.00 and ECB from ICICI is hedged for currency movements from the range of ₹ 53.7125 to 61.7125.

# Ahmedabad Ring Road Infrastructure Limited (ARRIL), one of the subsidiary, has entered into an Overnight Index Swap (OIS) Agreement with ICICI Bank Limited on December 27, 2007. The maturity date of the OIS Agreement is December 28, 2015. The mark to market value of this agreement at March 31, 2016 is ₹ Nil (Previous year ₹ 331.50 Lakhs).

In terms of the Concession Agreement with NHAI, SUTPL has agreed to pay to NHAI, on the COD date, a Premium in the form of an additional Concession Fee equal to ₹ 2160 Lakhs as due to NHAI during that year, due and payable for the period remaining in that year and for each subsequent year of the Concession Period. The Premium shall be determined by increasing the amount of Premium in the respective year by an additional 5% as compared to the immediately preceding year.

- (c) The BOT project of subsidiary i.e. MBHPL and BOT projects of step down subsidiary companies viz. ARRIL, AJTL, MBCPNL, BHTPL, HYTPL, RPTPL, NSEL, SUTPL, BRTPL, RHTPL and DPTL have been funded through various credit facility agreements with banks. Against the said facilities availed by the step down subsidiary companies from the banks, the SIPL has executed agreements with respective lenders whereby the SIPL has committed to hold minimum shareholding and pledge of its shares in the respective step down subsidiary companies, details of which are as follows:

Name of subsidiary/ Step down Subsidiary	% of Non Disposal Undertaking		% of Shares Pledge	
	Upto Commercial operation date	After Commercial operation date	March 31, 2016	March 31, 2015
MBHPL	51%	26%	51%	26%
ARRIL	70%	45%*	30.00%	30.00%
BHTPL	51%	26%	26.00%	26.00%
RPTPL	51%	51%	51.00%	51.00%
HYTPL	51%	51%	51.01%	51.01%
RHTPL	51%	51%	51.00%	51.00%
NSEL	30%	99%	99.00%	30.00%
AJTL	51%	51%	51.00%	51.00%
MBCPNL	70%	51%	51.00%	51.00%
SUTPL	51%	51%	51.00%	51.00%
DPTL	51%	33%	33.00%	33.00%
BRTPL	51%	51%	51.00%	51.00%

\* In case of ARRIL the undertaking for non disposal of shares shall be reduced to 21% on repayment of 80% of the total Loan given by lenders.

- (d) The Infrastructure projects of the various SPVs have been funded through sub ordinate debt (in the nature of capital contribution) given by the SIPL (as a sponsor) in accordance with the Lender's Loan Agreements and Sponsor Support and Equity Contribution Agreement of the respective SPV entity. The Sub-ordinate debt and interest receivable thereon is refundable on fulfilment of financial performance / obligation as per terms and conditions of agreement with lenders.
- (e) The Company has agreed to Sell 74% equity shareholding of Mysore-Bellary Highway Pvt. Ltd. (MBHPL) to Sadbhav Infrastructure Projects Limited (SIPL) as per agreement dated November 3, 2014, subject to regulatory approvals and fulfilment of conditions under the agreement.
- (f) The SIPL had entered into an agreement dated September 18, 2013 to sell 9.93% equity shareholding of Maharashtra Border Check Post Network Limited (MBCPNL) to D. Thakkar Construction Private Limited, subject to lenders approvals. Further, the SIPL has also entered into an agreement dated November 4, 2014 with company to purchase 10% of equity shareholding in MBCPNL. Both the transactions are subject to conditions precedent under the respective agreements which are pending as at year end. As at 31 March 2016, SIPL has also outstanding unsecured loan of ₹ 1,100.00 Lakhs from D. Thakkar Construction Private Limited.

### 2.34 Employee Benefits

- (a) 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 Balance Sheet Date.

- (i) **Net Assets / Liability recognized in the Balance Sheet are as follows:** (₹ in Lakhs)

	2015-2016	2014-2015
(a) Present Value Funded Obligations	541.69	443.14
(b) Fair Value of Plan Assets	433.98	406.80
(c) Liability Recognized in the Balance Sheet	107.71	43.60

- (ii) **Expenses recognized in the statement of Profit & Loss Account(Under the head "Expenses on Employees - Contribution to Provident & Other Funds"- Refer Schedule-20)** (₹ in Lakhs)

	2015-2016	2014-2015
(a) Current Service Cost	154.86	86.58
(b) Interest on obligation	33.33	25.49
(c) Expected Return on plan assets	(40.64)	(31.75)
(d) Net Actuarial Losses / (Gains) recognized in the year	(70.70)	75.27
(e) Past Service Cost	0.00	0.00
(f) Expenses deducted from Fund	2.01	0.00
Net Gratuity Cost	78.86	155.59

(iii) **Reconciliation of Opening & Closing balance of Gratuity is as follows:** (₹ in Lakhs)

	2015-2016	2014-2015
(a) Opening Defined Benefit Obligation	443.14	293.21
(b) Service Cost for the year	154.86	86.58
(c) Past Service cost	0.00	0.00
(d) Interest Cost for the year	33.33	25.49
(e) Actuarial Losses/ (Gain)	(74.51)	70.64
(f) Benefits Paid	(15.13)	(32.78)
Closing Defined Benefit obligation	541.69	443.14

(iv) **Reconciliation of Opening & Closing Balance of Fair Value of Plan Assets:** (₹ in Lakhs)

	2015-2016	2014-2015
(a) Opening fair value of plan assets	406.80	317.76
(b) Adjustment to the opening fund	0.00	-
(c) Expected Return	40.64	31.75
(d) Actuarial Gains	(3.81)	(4.62)
(e) Contribution by the employer	7.00	99.60
(f) Benefits paid	(14.94)	(32.48)
(g) Expenses deducted from Fund	(2.01)	(5.21)
Closing fair value of the plan assets	433.68	406.80

(v) **Major Category of plan assets as a percentage of total plan assets as on 31-03-2016 are as under:** (₹ in Lakhs)

	2015-2016	2014-2015
(a) Government of India Securities		
(b) High Quality Corporate Bonds		
(c) Equity Shares of Listed Companies		
(d) Property		
(e) Policy administered by L.I.C. of India	100%	100%
(f) Bank Balance		

(vi) **Principal Actuarial assumptions at the Balance Sheet Date:** (₹ in Lakhs)

	2015-2016	2014-2015
(a) Discount Rate as at year end		
For SEL	7.95%	7.80%
For Subsidiaries	7.60%	7.80%
(b) Expected return on plan assets at year end	7.95%	8.75%
(c) Proportion of employees opting for early retirement		
Age Band		
Less than 25	25.00%	5.00%
26 to 35	20.00%	4.00%
36 to 45	15.00%	3.00%
46 to 55	10.00%	2.00%
56 & Above	5.00%	1.00%
(d) Annual increase in salary cost	6.00%	6.00%

### 2.35 List of Related Parties

**Joint Ventures:** SEL-GKC JV, SEL-Annapurna JV, SEL-Vishnushiva JV, Sadbhav, Corsan Corviam Const S.A.-SEL & SEL-Vaishnovi JV and SADBHAV-PIPL (JV).

**Key Management Personnel (KMP) :** Shri Vishnubhai M. Patel, Shri Nitin R. Patel, Shri Shashinbhai V. Patel, Shri Vasistha C. Patel, Shri Vikram R. Patel, Shri Tushar D. Shah.

**Relatives of KMP :** Smt. Shantaben V. Patel, V. M. Patel (HUF), Alpa Dharmin Patel, Bhavna V. Patel, Rekhaben V Patel, Truptiben V. Patel, Rajeshriben Patel, Girishbhai N. Patel.

**Enterprises owned or significantly influenced by KMP or their relatives :** Sarjan Infracon Pvt. Ltd., Veer Procon Ltd., Sadbhav Finstock Pvt. Ltd., Sadbhav Realty Pvt. Ltd., Sadbhav Quarry Works Pvt. Ltd., Sadbhav Public Charitable Trust, Bhavna Engineering Company Pvt. Ltd., Saakar Infra Nirman Pvt. Ltd.

**Enterprises having significant influence over SIPL , a subsidiary company, under a contract:** Norwest Venture Partners VII-A-Mauritius (Norwest) (Upto October 22, 2014), Xander Investment Holding XVII Limited (Xander) (Upto October 22, 2014)

**Note:**

The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions are entered into by the Company with the related parties during the existence of the related party relationship.

**Details of Related Party Transactions:**

(₹ in Lakhs)

Transactions	Associates	Key Managerial Persons	Relatives of KMP & Enterprises over which KMP/Relatives of KMP/having significant influence/ Enterprise having significant influence under contract	Joint Venture	Total
Sub contracting Income	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	63007.65 (39952.43)	63007.65 (39952.43)
Interest Income	0.00 (1377.70)	0.00 (0.00)	130.50 (0.00)	0.00 (0.00)	130.50 (1377.70)
Sale of Service	0.00 (12.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (12.00)
Sub contracting Expenditure	0.00 (0.00)	0.00 (0.00)	4665.88 (9190.97)	0.00 (0.00)	4665.88 (9190.97)
Other Expenses	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (1344.30)	0.00 (1344.30)
Sale of Assets	0.00 (0.00)	0.00 (2.00)	91.28 (424.84)	0.00 (0.00)	91.28 (426.84)
Purchase of Assets	0.00 (0.00)	0.00 (0.00)	(92.00) (0.00)	(0.00) (0.00)	92.00 (0.00)
Remuneration Paid	0.00 (0.00)	404.44 (389.01)	0.00 (0.00)	0.00 (0.00)	404.44 (389.01)
Interest Paid	0.00 (0.00)	20.74 (121.22)	7.77 (5.70)	0.00 (0.00)	28.51 (126.92)
Loan Received during the year	0.00 (0.00)	513.70 (3534.55)	69.73 (0.00)	0.00 (0.00)	583.43 (3534.55)
Loan given during the year	0.00 (1371.60)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (1371.60)
Security Deposit - Retention De-ducted during the year- Receivable	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	3723.19 (2909.61)	3723.19 (2909.61)
Security Deposit - Retention De-ducted from Sub Conct - Payable	0.00 (0.00)	0.00 (0.00)	297.17 (449.10)	0.00 (0.00)	297.17 (449.10)
Loan Repaid during the year	0.00 (137.70)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (137.70)
Dividend Paid during the year	0.00 (0.00)	257.18 (201.18)	307.22 (302.50)	0.00 (0.00)	564.40 (503.68)
Donation given during the year	0.00 (0.00)	0.00 (0.00)	22.25 (0.35)	0.00 (0.00)	22.25 (0.35)
Mobilization Given during the year	0.00 (0.00)	0.00 (0.00)	0.00 (245.64)	0.00 (0.00)	0.00 (245.64)
Mobilization Advance Received during the year	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	3156.79 (4312.21)	3156.79 (4312.21)
Issue of Shares on conversion warrants/CCPS	0.00 (0.00)	0.00 (9260.00)	0.00 (10000.00)	0.00 (0.00)	0.00 (19260.00)
Issue of Shares/Bonus Shares	0.00 (0.00)	0.00 (334.00)	871.80 (7068.40)	0.00 (0.00)	871.80 (7402.40)
Purchase/Subscription of Shares	0.00 (232.38)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (232.38)
Sub-ordinate Given	0.00 (11240.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (11240.00)
Balance Receivable at the year end	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	7210.36 (6164.66)	7210.36 (6164.66)
Balance Payable at the year end	0.00 (751.75)	0.00 (0.00)	266.38 (694.69)	0.00 (0.00)	266.38 (1446.44)
Closing Balance: Loan Received during year	0.00 (0.00)	0.00 (748.37)	139.62 (62.12)	0.00 (0.00)	139.62 (810.49)
Closing Balance: Mobilization Advance Received	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	834.74 (4183.72)	834.74 (4183.72)
Closing Balance: Mobilization Advance Given	0.00 (0.00)	0.00 (0.00)	0.00 (28.05)	0.00 (0.00)	0.00 (28.05)
Closing Balance: Security Deposit - Receivable	0.00 (499.02)	0.00 (0.00)	0.00 (0.00)	6274.03 (5196.47)	6274.03 (5695.49)
Closing Balance: Security Deposit - Payable	0.00 (0.00)	0.00 (0.00)	411.39 (394.80)	0.00 (0.00)	411.39 (394.80)
Closing Balance: Share application pending allotment	0.00 (0.00)	0.00 (0.00)	0.00 (1184.00)	0.00 (0.00)	0.00 (1184.00)
Remuneration Payable at year end	0.00 (0.00)	3.30 (2.50)	0.00 (0.00)	0.00 (0.00)	3.30 (2.50)
Interest Receivable at Year end	0.00 (4530.30)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (4530.30)

(figures in bracket show previous year amount)



### 2.36 Intra-group Turnover and Profits on BOT Construction Contracts

The BOT contracts are governed by Service concession agreements with government authorities (grantor). Under these agreements, the operator does not own the road, but gets “toll collection rights” or User Fee Income in the case of MBCPNL (Maharashtra Border Check Post Ltd.) against the construction services rendered. Since the construction revenue earned by the operator is considered as exchanged with the grantor against toll collection rights, profit from such contracts is considered as realised.

Accordingly, BOT contracts awarded to subsidiary and step-down subsidiaries (operator), where work is sub-contracted to the company, the intra-group transactions on BOT contracts and the profits arising thereon are taken as realised and not eliminated for consolidation under Accounting Standard - 21.

The revenue and profit in respect of these transactions during the year is ₹ 1,69,815.60 Lakhs (Previous Year ₹ 1,42,385.00 Lakhs) and ₹ 23,804.67 Lakhs (Previous Year ₹ 20,229.41 Lakhs) respectively.

2.37 In terms of disclosure 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:

Particulars		As at March 31, 2016	As at March 31, 2015
1	Amount of Contract Revenue Recognised as revenue during the period	324484.78	299008.48
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	694378.82	828675.93
	(b) Advances Received	33707.20	33982.89
	(c) Retention Amount	11055.57	15557.61
3	Amount due from Customers for Contract in Progress	83605.21	89366.12
4	Amount due to Customers for Contract in Progress	0.00	0.00

### 2.38 Exceptional Items:

Exceptional items consist of the following:

Particulars		As at March 31, 2016	As at March 31, 2015
1	Net gain on transfer of rights in Equity shares of MNEL (refer note (a) below)	(6160.00)	0.00
2	Additional Concession Fees Payable to National Highways Authority of India (NHAI) in case of RPTPL and HYTPL	0.00	(1533.20)
3	Amount payable to AUDA for toll collected by the Company during the construction period without approval from AUDA	0.00	367.80
4	Claim Settlement with Client (refer note (b) below)	(140.00)	
5	Excess Provision Written off (refer note (c) below)	(984.83)	0.00
6	Advances Written off (refer note (d) below)	3069.45	0.00
<b>Net Amount</b>		<b>(4215.38)</b>	<b>(1165.40)</b>

#### Note:

- During the year ended March 31, 2016, SIPL has transferred its beneficial rights in the 1,04,00,000 equity shares of Mumbai Nasik Expressway Limited at a consideration of ₹ 7,200.00 Lakhs and the net profit of ₹ 6,160.00 Lakhs (i.e. net of cost of ₹ 1,040.00 Lakhs) has been accounted as an exceptional item in the consolidated statement of profit and loss for year ended March 31, 2016.
- Income of ₹ 140.00 lakhs: Company and Reliance Industries Limited (Reliance) settled the dispute out of court in regards to civil application filed by Reliance in District Court against the Arbitration award, in favor of the Company. Reliance paid the amount of ₹ 140.00 lakhs as full and final settlement.
- Excess Provision of ₹ 984.83 Lakhs has been written back during the year.
- Expenses of ₹ 1,178.20 lakhs: Osho Ventures FZE, Ocean Bright Corporation Limited and Sadbhav Engineering Limited (collectively referred as “parties”) had entered in arbitration proceedings in accordance with Shareholder’s agreement dated 15/05/2008 to resolve certain dispute. Arbitral Tribunal has passed an award dated 10th March, 2015 and allowing partial claims of the parties. Thereafter parties desirous to settle the dispute mutually, entered into a Settlement agreement dated 14th July, 2015 and in accordance with it the Company has written off ₹ 1,178.20 lakhs due from Ocean Bright Corporation Limited against sale of assets.  
The Company has written off advance outstanding ₹ 1,891.25 Lakhs during the year.

2.39 Pursuant to Initial Public Offering (IPO), 47,733,659 equity shares of SIPL of ₹ 10 each were offered to public at price of ₹ 103 per equity share consisting of fresh issues of 41,262,135 equity shares and offer for sale of 6,471,524 equity shares by the existing shareholders. The equity shares of SIPL were listed on the BSE Limited and the National Stock Exchange of India Limited w.e.f 16th September, 2015. SIPL has incurred expenses of ₹ 2,380.70 Lakhs (net of recovery) related to fresh issue of equity shares which has been adjusted against securities premium account in terms of section 52 of the Companies Act, 2013.

Details of utilisation of IPO proceeds of SIPL are as under:-

(₹ in Lakhs)

Sr. No.	Particulars	Objects of the issue as per Prospectus	Total utilization upto March 31, 2016
1	Repayment of rupee loan facility from ICICI Bank Limited	1800	1800
2	Part repayment of unsecured loans from the Company (SEL)	848.4	848.4
3	Advancing of Subordinate Debt to Subsidiary, Shreenathji Udaipur Tollway Private Limited	820	820
4	General Corporate Purposes	541.15	541.15
5	Fresh issue related expenses (only those apportioned to the SIPL)*	240.45	240.45
	<b>Total</b>	<b>4250</b>	<b>4250</b>

\* Includes surplus of ₹ 23.80 Lakhs arising after meeting issue related expenses, which have been utilised towards general corporate purposes.

#### 2.40 Movement in Periodic Major Maintenance Provision:

Particulars	2015-2016	2014-2015
<b>Carrying amount as at Beginning of the Year</b>	9,929.16	4,097.66
Add: Additional provision made in the year (Refer Note No. 2.28)	10,655.20	7,680.70
Add: provision made by subsidiary before its acquisition	2,488.80	-
Less: "Amounts used (i.e. incurred and charged against the provision) during the year"	-	1,849.20
Unused amounts reversed during the year	-	-
<b>Carrying amount as at end of the year</b>	<b>23,073.16</b>	<b>9,929.16</b>
Current	2863.8	0
Non-Current	20,209.36	9,929.16
<b>Total</b>	<b>23,073.16</b>	<b>9,929.16</b>

#### 2.41 Borrowing Cost:

During the year, company has capitalized borrowing cost ₹ NIL (58.92 Lakhs) according to AS-16 Borrowing Cost.

2.42 As per intimation available with the group, there are no micro, small and medium enterprises as defined in the Micro, Small and Medium Enterprise Development Act, 2006 to whom the Group owes dues on account of principal amount together with interest and accordingly no related additional disclosure have been made.

2.43 In terms of the Concession Agreement for setting up the project for Modernization and Computerisation of integrated Border Check Post ('Project') in the state of Maharashtra on Build, Operate and Transfer basis, MBCPNL has been regularly representing in the Steering Committee of the project set up by Maharashtra State Road Development Corporation (MSRDC) under Concession agreement, about handover of the additional project BCP sites so as to meet Concessionaire obligations as regards implementation of project as per the Concession agreement. As at 31st March, 2016, the MBCPNL has achieved provisional certificate of completion for 16 check posts out of total 22 check posts as per Concession agreement. The collection of service fees have been started in 13 BCP as per directive of MSRDC. Further, during the year, the MBCPNL has received general resolution from government of Maharashtra for construction of additional 2 Check post on BOT basis.

As at 31st March, 2016, the project implementation is in progress and there are costs variance in development of each BCP site. The MBCPNL has been accounting cost variations, if any based on the approval of independent engineers appointed by MSRDC read with note 2.45 below. The MBCPNL has been regularly representing to MSRDC for the time extension of completion of BCP construction in terms of Concession agreement. The MBCPNL is confident that necessary approvals relating to time extension for completion of BCP construction will be received and that no additional financial obligations is envisaged to be levied on the MBCPNL under the terms of concession agreement.

2.44 Up to the reporting date, MBCPNL has accepted and accounted project related cost compensation claim of ₹ 17,405.7 Lakhs towards increase in cost of construction due to delay in execution of the Modernisation and Computerisation of 22 Border Check Post Project ('BCP Project') on account various reasons not attributable to MBCPNL, upto March 31, 2016 (upto previous year ₹ 16,374.40 Lakhs). The costs have been accounted as intangible assets / intangible assets under development. The amount accounted is subject to the approval of Government of Maharashtra (GoM) although the Independent Engineer of the Project, Technical Evaluation Committee duly appointed by project Steering Committee of Maharashtra State Road Development Corporation Limited ('the Project Authority') which is monitoring the project progress and the lender's independent engineer has in-principle accepted and recommended the MBCPNL's cost compensation claim. Based on the recommendations at the project steering committee, GoM will take appropriate decision in regard to cost escalation claim of the MBCPNL and it is confident that the additional costs accounted in the books will be fully accepted by the GoM.

2.45 As per amendment to Finance Act, 2012, the border check post services provided by the MBCPNL, in the State of Maharashtra, were made taxable within the services tax laws since April-2013. Accordingly, in the financial year 2014-15, MBCPNL accounted its service tax liability of ₹ 1367.30 Lakhs (for the services provided) and correspondingly, also recorded CENVAT credit of ₹ 2348.50 Lakhs on the project input services/materials, as applicable. During the year, similarly, MBCPNL deposited service tax of

₹ 1,921.50 Lakhs out of the check post user fees collected and recorded the same as expense under rates and taxes in note no 2.31.

In terms of the concession agreement with Government of Maharashtra, the user fee collected by MBCPNL was not subject to service, whereby Company (Concessionaire) represented to the Government of Maharashtra (Licensor) that such service tax is an additional financial burden on the concessionaire and it should be compensated for the same. The MBCPNL represented that in terms of article 17.1 of the concession agreement, this additional financial burden is on account of change of law. As per MSRDC communication dated July 24, 2015 in the matter, it is proposed that subject to the opinion of Law & Judiciary department of Government of Maharashtra, necessary fee notification will have to be issued in the matter (including for the service tax deposited/ to be payable till notification).

Considering the above recommendations from MSRDC, the MBCPNL is confident that it will be able to fully recover additional financial burden through service tax amendments, although the same has been expensed in the books of account.

#### 2.46 Segment Information:

- The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system.
- The Company's operations predominantly relate to EPC Contracts, Toll Collection and energy generation through Wind Power Project.
- The Company's activities are restricted within India and hence no separate geographical segment disclosure is considered necessary.
- For the purpose of reporting, business segment is primary segment and geographical segment is a secondary segment
- Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segment as also amounts allocable on a reasonable basis.
- The expenses and income, which are not directly allocated between the segments are shown as unallocated corporate expense or income as the case may be.
- As per requirement of Accounting Standard - 17 "Segment Reporting", Management has identified two segments as reportable segments i.e. EPC Contracts and BOT (Toll & Annuity).
- Assets that cannot be allocated between the segments are shown as a part of unallocated corporate assets.
- Details of Business Segment information is presented below:

#### Statement Showing details of Segment Reporting

(₹ in Lakhs)

	Construction & Engineering		BOT (Toll & Annuity)		Others		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Revenue</b>								
External Revenue	319851.13	296434.22	67312.00	47725.20	588.37	518.70	387751.50	344678.12
Inter-Segment Revenue	-	-	-	-	-	-	-	-
<b>Total</b>	<b>319851.13</b>	<b>296434.22</b>	<b>67312.00</b>	<b>47725.20</b>	<b>588.37</b>	<b>518.70</b>	<b>387751.50</b>	<b>344678.12</b>
<b>Segment Expense</b>	<b>279647.84</b>	<b>265134.35</b>	<b>24679.86</b>	<b>17908.94</b>	<b>124.45</b>	<b>123.46</b>	<b>304452.15</b>	<b>283166.75</b>
<b>Segment Result</b>								
Operating Profit	40203.29	31299.87	42632.14	29816.26	463.92	395.24	83299.35	61511.37
Less: Interest & other finance expense	-	-	-	-	-	-	72601.30	61501.25
Interest Income	-	-	-	-	-	-	3529.91	2630.56
Other Income	-	-	-	-	-	-	933.06	1789.14
Unallocated Corporate Expense	-	-	-	-	-	-	2952.32	3071.64
Unallocated Corporate Income	-	-	-	-	-	-	-	-
<b>Profit before Depreciation and Tax</b>	<b>40203.29</b>	<b>31299.87</b>	<b>42632.14</b>	<b>29816.26</b>	<b>463.92</b>	<b>395.24</b>	<b>12208.70</b>	<b>1358.18</b>
Depreciation and Amortisation	7898.15	7545.91	20248.90	14177.70	235.70	220.15	28382.75	21943.76
Unallocated Depreciation	-	-	-	-	-	-	358.83	404.65
<b>Profit Before Tax and Exceptional Items</b>	<b>32305.14</b>	<b>23753.96</b>	<b>22383.24</b>	<b>15638.56</b>	<b>228.22</b>	<b>175.09</b>	<b>(16532.88)</b>	<b>(20990.23)</b>
<b>Exceptional Items (Performance Bonus)</b>	<b>(1944.62)</b>	<b>-</b>	<b>6160.00</b>	<b>1165.40</b>	<b>-</b>	<b>-</b>	<b>4215.38</b>	<b>1165.40</b>
<b>Profit Before Tax</b>	<b>30360.52</b>	<b>23753.96</b>	<b>28543.24</b>	<b>16803.96</b>	<b>228.22</b>	<b>175.09</b>	<b>(12317.50)</b>	<b>(19824.83)</b>
<b>Current Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3794.85</b>	<b>3986.80</b>
<b>MAT Credit Entitlement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>394.55</b>	<b>0.00</b>
Deferred Tax	-	-	-	-	-	-	(125.07)	(524.50)
Short/(Excess) provision of Taxation of Earlier Years	-	-	-	-	-	-	(2377.49)	(34.72)

<b>Profit after Tax</b>	30,360.52	23,753.96	28,543.24	16,803.96	228.22	175.09	(14004.34)	-23252.41
Add: Share of Loss Transferred to Minority Interest	-	-	-	-	-	-	9328.93	8715.61
Add: Share of (Loss) of Minority interest of earlier years	-	-	-	-	-	-	-	(2796.30)
Less: Share of Loss of Associates	-	-	-	-	-	-	-	(231.18)
Add: Share of Profit/ (Loss) of Joint Venture	-	-	-	-	-	-	-	15.63
<b>Net Profit for the Year</b>	<b>30360.52</b>	<b>23753.96</b>	<b>28543.24</b>	<b>16803.96</b>	<b>228.22</b>	<b>175.09</b>	<b>(4675.41)</b>	<b>(17548.65)</b>
<b>ASSETS</b>								
Segment Assets	327532.31	316700.46	1356125.74	1000444.34	4465.20	4453.85	1688123.25	1321598.65
Unallocated Segment Assets	-	-	-	-	-	-	5829.20	6875.97
Segment Liabilities	201220.66	199053.04	1272474.95	961342.64	3888.86	4245.95	1477584.47	1164641.63
Capital Expenditure	-	-	131044.20	105106.90	5.80	-	131050.00	105106.90
Depreciation and Amortisation	7898.15	7545.91	20248.90	14177.70	235.70	220.15	28382.75	21943.76
Unallocated Depreciation	-	-	-	-	359	405	358.83	404.65
Non Cash Expenses other than depreciation and amortisation	-	-	2932.80	1066.00	-	-	2,932.80	1,066.00

**Footnotes:**

1. Segment Assets Exclude advance payment of Income Tax of ₹ 27,101.80 Lakhs (₹ 26,837.21 Lakhs) and Advance payment for FBT ₹ Nil (Nil)
2. Segment Liability Exclude the following:-
  - a. Provision of Income Tax of ₹ 10,770.06 Lakhs (₹ 15,565.99 Lakhs)
  - b. Deferred Tax Liabilities of ₹ 2,315.76 lakhs (₹ 2,440.83 lakhs)

**2.47** In the case of the following step down subsidiaries, there are accumulated losses as at the balance sheet date, which have resulted in erosion of the respective company's net worth, although the Sponsors of the Projects, have invested through sub-ordinate debts which is part of the Project equity capital as per terms of Rupee Facility Agreements of the respective entities. The repayment of such sub-ordinate debt is subject to certain stipulations under the loan agreement. The subsidiaries have no intention of curtailing the scale of operations and have projected increased traffic movement for their respective projects. Also, the subsidiaries have been able to meet their financial obligations in the ordinary course of the business complimented by the continuing financial support offered from Sadbhav Infrastructure Project Limited (SIPL). In case of MBCPNL, the management represented that the subsidiary is in start-up phase of the project and its operation/revenue is gradually increasing on commencing operation at additional border check post. Accordingly, these consolidated financial statements have been prepared assuming that such Subsidiaries will continue as a going concern. The details are as follows:

(₹ in Lakhs)

Name of the Step down Subsidiary	Accumulated Losses as at	
	March 31, 2016	March 31, 2015
Aurangabad Jalna Tollway Limited	8,278.50	6,271.20
Hyderabad-Yadgiri Tollway Limited	8,523.50	6,442.00
Nagpur Seoni Expressway Limited	5,976.60	-
Dhule Palesner Tollway Limited	31,907.40	-
Rohtak-Panipat Tollway Private Limited	22,967.70	11,707.40
Maharashtra Border Check Post Network Limited	13,390.90	11,449.20

- 2.48** During the year, Shreenathji Udaipur Tollway Private Limited (SUTPL), one of the step down subsidiary, has received Provisional Commercial Operation Date (PCOD) as on December 04, 2015 and toll collection was started from December 06, 2015. The financial statement for the year ended March 31, 2016 also includes financial statement of SUTPL w.e.f. PCOD and to that extent current year figures are not comparable with the previous year figure ended March 31, 2015.
- 2.49** During the period, between February 17 to 26, 2016, there was a social unrest in the State of Haryana, which caused some damages to RPTPL's Toll assets including loss of toll operations for few days from February 17 to 26, 2016. The damages to assets (including cost of replacement) amounting to ₹ 60.90 Lakhs and cash loss of ₹ 5.80 Lakhs has been written off in the statement of profit and loss. As at year end, the RPTPL is in process of filing insurance claim for the damages to assets and towards estimated loss of revenue during the unrest period.

## 2.50 Prior Period Adjustments (Net)

The Details of Prior Period Adjustments are as under:-

(₹ in Lakhs)

PRIOR PERIOD EXPENSES	2015-2016	2014-2015
Prior Period Expenses		
Construction Expenses	40.06	270.11
Power & Fuel Expenses	49.76	0.00
Rates & Taxes	6.21	0.00
Labour welfare cess	-	215.63
Material Consumed	-	9.48
Professional fee	12.72	11.77
Tender Fees	-	(67.01)
<b>Total</b>	<b>108.75</b>	<b>439.98</b>

## 2.51

Name of the Entity	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of Consolidated net assets	Amount in Lakhs	As % of Consolidated profit or loss	Amount in Lakhs
<b>Parents</b>				
Sadbhav Engineering Limited	6.18	11115.29	(248.47)	11616.98
<b>Subsidiaries &amp; step-down subsidiaries in India</b>				
(i) Sadbhav Infrastructure Projects Limited & its subsidiaries	54.60	98158.96	148.88	(6960.87)
(ii) Mysore-Bellary Highway Private Limited	11.07	19903.98	0.06	(2.59)
<b>Minority Interest in all Subsidiaries</b>	<b>28.15</b>	<b>50603.39</b>	<b>199.53</b>	<b>(9328.93)</b>
<b>Associates in India</b>				
<b>Joint Ventures in India</b>				
Corsan Corviam Construccion S.A.- Sadbhav Engineering Limited		0		0
Sadbhav-Annapurna JV *		0		0
Sadbhav-Vishnushiva JV *		0		0
SEL-GKC JV *		0		0
SADBHAV-PIPL (JV) *		0		0
	<b>100.00</b>	<b>179781.63</b>	<b>100.00</b>	<b>(4675.41)</b>

\* Accounted as per Jointly Control Operation method. Assets, Liabilities, Income & Expenses are recognised in the respective Joint Venture partners' books of accounts.

2.52 Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof is ₹ 268.08 Lakhs (₹ 326.57 Lakhs) disclosed as 'Other Expenses' under Note 2.31.

2.53 Expenditure in Foreign currencies (accrual basis):

(₹ in Lakhs)

Particulars	2015-2016	2014-2015
(i) Traveling Expenses	0.00	1.97
(ii) Interest	340.89	283.04
(iii) Interest expenses on foreign currency borrowings	4271.00	3961.40
(iv) Professional Fess	0.00	3.32
(v) Dividend	180.81	170.98
(vi) Agency Fees	51.10	57.20

2.54 All amounts in the financial statements are presented in Rupees Lakhs 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.

As per our Audit Report of even date attached

For and on behalf of Board

**For Surana Maloo & Co.**  
Chartered Accountants  
Firm Reg. No. 112171W

**Vishnubhai M. Patel**  
Chairman & Managing Director  
DIN: 00048287

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

**S. D. PATEL**  
Partner  
Membership No. 37671

Place : Ahmedabad  
Date : 27-04-2016

**Vasistha C. Patel**  
Executive Director  
DIN: 00048324

**Tushar D. Shah**  
Company Secretary

## Annexure

**FORM AOC-1**

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]  
Statement containing salient features of the financial statements of subsidiaries/associates companies/joint ventures  
**Part "A": Subsidiaries**

(₹ in Lakhs)

Name of the Subsidiary Company	31-Mar-16	Indian Rupees	31-Mar-16	Indian Rupees	31-Mar-16	Indian Rupees	31-Mar-16	Indian Rupees	31-Mar-16	Indian Rupees	31-Mar-16	Indian Rupees	31-Mar-16	Indian Rupees	31-Mar-16	Indian Rupees	Total		
Financial year ending on	31-Mar-16		31-Mar-16		31-Mar-16		31-Mar-16		31-Mar-16		31-Mar-16		31-Mar-16		31-Mar-16		31-Mar-16		
Reporting currency	Indian Rupees		Indian Rupees		Indian Rupees		Indian Rupees		Indian Rupees		Indian Rupees		Indian Rupees		Indian Rupees		Indian Rupees		
Share Capital	35222.50	7907.00	8172.10	48460.70	32381.60	1200.30	3839.60	0.00	3.50	0.00	18.80	103.80	0	0	68.35%				
Reserves & Surplus	89359.80	8172.10	5976.60	30907.10	20130.50	1200.30	3839.60	0.00	3.50	0.00	18.80	103.80	0	0	68.35%				
Total Assets	250190.10	48460.70	30907.10	20130.50	1200.30	3839.60	0.00	3.50	0.00	18.80	103.80	0	0	68.35%					
Total Liabilities	125607.80	32381.60	20130.50	1200.30	3839.60	0.00	3.50	0.00	18.80	103.80	0	0	68.35%						
Investments (except in case of investment in the subsidiaries)	28.80	238.00																	
Turnover	8579.70	0.00	3839.60	0.00	1765.70	0.00	1765.70	0.00	1765.70	0.00	18.80	103.80	0	0	68.35%				
Profit / (Loss) Before Taxation	122.60	3.50	(1765.70)	0.00	1765.70	0.00	1765.70	0.00	1765.70	0.00	18.80	103.80	0	0	68.35%				
Provision for Taxation	18.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.80	103.80	0	0	68.35%				
Profit / (Loss) After Taxation	103.80	3.50	(1765.70)	0.00	1765.70	0.00	1765.70	0.00	1765.70	0.00	0.00	0.00	0.00	0.00	0.00				
Proposed Dividend	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
% of shareholding	68.35%	74.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				

\* Subsidiary of SADBHAV Infrastructure Project Limited which is a subsidiary of the Company.  
Figures in bracket show negative figures.

**Notes:-**

1. Name of Subsidiaries which are yet to commence operations : None
2. Name of Subsidiaries which have been liquidated or sold during the year : None

## FORM AOC-1

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associates Companies and Joint Ventures Part "B": Associates and Joint Ventures

No.	Name of Associates/Joint Ventures	SEL-Annapurna (JV)	SEL-Vishnushiva (JV)	SEL-Vaishnovi (JV)	SADBHAV-PIPL (JV)	CCCSA-SEL (JV)	SEL-GKC (JV)
1	Latest audited Balance Sheet Date	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16
2	Shares of Associates/Joint Ventures held by the company on the year end						
	No.	NIL	NIL	NIL	NIL	NIL	NIL
	Amount of Investment in Associates / Joint Ventures (₹ In Lakhs)	NIL	NIL	NIL	NIL	NIL	NIL
	Extend of Holding %	NIL	NIL	NIL	NIL	NIL	NIL
3	Description of how there is significant influence	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement	Joint Venture Agreement
4	Reason why the associate/joint venture is not consolidated	Consolidated*	Consolidated*	Consolidated*	Consolidated*	Consolidated*	Consolidated*
5	Networth attributable to Shareholding as per latest audited Balance Sheet	NIL	NIL	NIL	NIL	NIL	NIL
6	Profit / (Loss) for the year (₹ In Lakhs)						
	i. Considered in Consolidated (₹ In Lakhs)	NIL	NIL	NIL	NIL	NIL	NIL
	ii. Not Considered in Consolidated (₹ In Lakhs)	NIL	NIL	NIL	NIL	NIL	NIL

\* Accounted as per Jointly Control Operation method. Assets, Liabilities, Income & Expenses are recognised in the respective Joint Venture partners' books of accounts.

#### Notes:-

- Names of associates or joint ventures which are yet to commence operations : None
- Names of associates or joint ventures which have been liquidated or sold during the year : Mumbai-Nasik Expressway Limited.

For and on behalf of Board

**Vishnubhai M. Patel**  
Chairman & Managing Director  
DIN: 00048287

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

**Vasistha C. Patel**  
Executive Director  
DIN: 00048324

Place : Ahmedabad  
Date : 27-04-2016

**Tushar D. Shah**  
Company Secretary





*Note :*

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## SADBHAV ENGINEERING LIMITED

CIN : L45400GJ1988PLC011322

Registered Office : 'Sadbhav House' Opp. Law Garden Police Chowki Ellisbridge, Ahmedabad-380006, Gujarat • Tel.: 91 79 26463384 • Fax : 91 79 26400210  
E-mail : investor@sadbhav.co.in • Web : www.sadbhaveng.com

### 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 hereby record my presence at the **27th Annual General Meeting of the Company** held on Wednesday, September 28, 2016 at Lions Hall, Mithakhali Six Roads, Ellisbridge, Ahmedabad-380006 at 3.00 P.M.

Shareholder / 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

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E-mail : investor@sadbhav.co.in • Web : www.sadbhaveng.com

### P R O X Y F O R M

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules.2014]

Name of the Member (s):			
Registered Address:			
E-mail ID:			
Folio No./ Client ID:		DP ID:	

I/We, being the member(s) of \_\_\_\_\_ shares of the **Sadbhav Engineering Ltd.**, hereby appoint;

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him / her
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him / her
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **27th Annual General Meeting of the Company**, to be held on the Wednesday, September 28, 2016 at 3.00 p.m. at Lions Hall, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380006, Gujarat and at any adjournment thereof in respect of such resolution as are indicated below:

1. Consider and adopt:  
(a) Audited Financial Statement, Report of the Board of Directors and Auditors.

P. T. O.



(b) Audited Consolidated Financial Statement.

2. Declaration of Dividend on Equity Shares.
3. Re-Appointment of Mr. Vasistha C. Patel who retires by rotation.
4. Re-Appointment of Mr. Vikram R. Patel who retires by rotation.
5. Ratification of appointment of Statutory Auditors and fixing their remuneration.
6. To appoint Mr. Vipul H. Patel as an Additional Director of the Company.
7. To appoint Mr. Vipul H. Patel as a Whole-time Director of the Company for a period of three Years.
8. Ratification of Remuneration to Cost Auditor.
9. To approve conversion of loan into equity.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Please  
affix Re 1/-  
Revenue  
Stamp

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of 1st proxy holder

\_\_\_\_\_  
Signature of 2nd proxy holder

\_\_\_\_\_  
Signature of 3rd proxy holder

**Notes :**

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A Person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the share capital of the Company carrying rights. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (5) In the case of joint holders, the signature of any one holder will be sufficient, but names of all The joint holders should be stated.

# 2015-2016 Key Figures



*Net Profit Rose  
17.56% to  
₹ 133.70 crores*

*Sales Rose  
7.29% to  
₹ 3186.25 crores*

*Operating Profit before  
Tax and Non-recurring  
items ₹ 160.03 crores*

*Order Book by business  
Transport Sector ₹ 4070.64 crores,  
Irrigation ₹ 1441.93 crores,  
Mining ₹ 1974.76 crores*

*Revenue by business  
70% Roads & Highway,  
17% Irrigation,  
13% Mining*

*Dividend  
70%*

## Financial Highlights

(₹ in crores)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Turnover	3186.25	2969.85	2358.12	1871.94	2675.55
Total Income	3276.76	3035.39	2394.55	1882.29	2686.37
Earning Before Depreciation, Interest and Tax (EBDIT)	325.37	300.24	249.40	216.69	290.28
Exceptional Items	(19.45)	0.00	(38.35)	0.00	0.00
Depreciation	84.93	81.71	47.40	31.82	27.44
Interest	151.48	138.22	118.11	84.37	65.11
Profit After Tax	133.71	113.73	106.16	74.07	140.56
Equity Dividend %	70%	70%	70%	60%	60%
Dividend Payout	14.45	14.45	12.52	10.53	10.49
Equity Share Capital	17.15	17.15	15.17	15.09	15.04
Warrant Application Money	0.00	0.00	23.15	0.00	0.00
Stock Option Premium Outstanding	0.26	0.51	1.54	2.30	2.63
Reserve & Surplus	1454.04	1334.40	917.37	815.13	744.64
Net Worth	1471.46	1352.06	957.22	832.52	762.30
Gross Fixed Assets	938.78	851.19	726.35	514.78	443.50
Net Fixed Assets	554.99	535.72	498.19	330.26	288.07
Total Assets	3618.61	3525.01	3027.94	2490.83	2139.41
Total Debt (Loan Fund)	1223.55	1104.24	1028.03	765.17	460.23
Earning Per Share (In ₹)	7.79	7.25	7.01	4.91	9.36
Book Value Per Share (In ₹)	85.78	78.84	63.12	55.15	50.74
Weighted No. of Shares	171531988	156919684	151384261	150824388	150235175

### Note:

1. Turnover Includes Performance Bonus (Net) received, if any.
2. Total Assets excluding Misc. Expenses.
3. EPS has been calculated on Weighted Avg Shares & Book Value on Actual No. of Shares.
4. Total Income means credit site of P&L after adjusting the Change in WIP.
5. EBDIT means PBT+Depreciation+Interest+Other Income.
6. Total Debt includes interest accrued but not due.



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

## SADBHAV ENGINEERING LIMITED

CIN : L45400GJ1988PLC011322

Registered Office : "Sadbhav House",  
Opp. Law Garden Police Chowki,  
Ellisbridge, Ahmedabad - 380006, India.  
Phone : +91-79-2646 3384, 2640 5687  
Fax : +91-79-2640 0210  
E-mail : [info@sadbhav.co.in](mailto:info@sadbhav.co.in)



### 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.