

SADBHAV ENGINEERING LIMITED

CIN NO.: L45400GJ1988PLC011322

Corp. Office: "Sadbhav", Near Havmor Restaurant, B/H Navrangpura Bus Stand, Navrangpura, Ahmedabad-380 009 Gujarat
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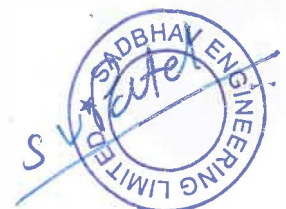
UNAUDITED FINANCIAL RESULTS (STAND ALONE) FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2019

(Rs.in Lakhs except for Share data)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31/12/2019 (Unaudited)	30/09/2019 (Unaudited)	31/12/2018 (Unaudited)	31/12/2019 (Unaudited)	31/12/2018 (Unaudited)	31/03/2019 (Audited)
1	Revenue From operations	44003.93	56510.68	92553.36	184279.10	252756.51	354923.16
2	Other income	763.38	635.02	1274.92	1812.06	3021.02	3566.41
3	Total Income (1+2)	44767.31	57145.7	93828.28	186091.16	255777.53	358489.57
4	Expenses						
	Construction Expenses	33623.34	44034.40	75432.58	145045.70	204690.4	285211.18
	Changes in inventories of Finished Goods, stock in trade and work in progress	0	0	0	0	0	0
	Employee benefits expenses	3065.00	4264.52	4411.99	11534.20	12154.22	16,757.62
	Finance costs (Refer Note No. 3)	2309.49	2065.06	2907.73	7105.25	8207.35	11,027.95
	Depreciation and amortization expenses (Refer Note No.4)	2676.71	2770.60	2413.87	8248.41	7262.64	9,576.01
	Other expenses	1830.72	1254.53	1628.46	4798.33	5796.34	10,163.75
	Total Expenses	43505.26	54389.11	86794.63	176731.89	238110.95	332736.51
5	Profit before exceptional Items and tax (3-4)	1262.05	2756.59	7033.65	9359.27	17666.58	25,753.06
6	Exceptional Items	0	0	0	0	0	76.44
7	Profit before tax (5-6)	1262.05	2756.59	7033.65	9359.27	17666.58	25,829.50
8	(1) Tax Expense (Refer Note No.9)	321.50	1177.63	873.33	2869.50	3,770.33	7,140.60
	(2) Deferred Tax	(224.95)	(1,006.47)	535.01	(1,207.60)	(1,899.51)	3.89
9	Profit for the Period/Year (7-8)	1165.50	2585.43	5625.31	7697.37	15795.76	18685.01
10	Other Comprehensive Income (OCI)						
	A. (i) Items that will not be reclassified to profit or loss						
	Remeasurement gains/losses on defined benefit plans	40.43	99.93	32.21	132.33	32.21	(30.50)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.00	0.00	0.00	0.00	0.00	0.00
11	Total Comprehensive Income (9+10)	1205.93	2685.36	5657.52	7829.70	15827.97	18654.51
12	Paid up Equity Share Capital (Face value of Re.1/- each)	1715.71	1715.71	1715.71	1715.71	1715.71	1715.71
13	Other Equity	-	-	-	-	-	201651.27
14	Basic EPS (Rs.) before extra ordinary items (*not annualized)	0.68*	1.51*	3.28*	4.49*	9.21*	10.89
15	Diluted EPS (Rs.) before extra ordinary items (*not annualized)	0.68*	1.51*	3.28*	4.49*	9.21*	10.89

Notes :

- The above results were reviewed by the Audit Committee and were approved & taken on record by the Board of Directors at their meeting held on February, 14 2020.
- In accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid financial results for the third quarter and nine months ended December 31,2019 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at there respective meeting held on February 14,2020. The Statutory auditors have carried out limited review of the same.
- Total Interest paid amounting to Rs. 14551.77 Lakhs (Rs. 13341.78 Lakhs) has been net off by Rs. 7446.52 Lakhs (Rs. 5134.43 Lakhs), towards the interest received on the loans given to subsidiaries for nine months period ended December 31, 2019 and December 31, 2018 respectively.
- Depreciation on Plant & machinery other than those used for mining sites has been provided at higher rate by taking lower useful life compared to useful life prescribed under schedule II of the Companies Act, 2013, hence depreciation charged for the quarter ended on 31/12/2019 is increased by Rs. 237.30 Lakhs (Rs. 278.35 Lakhs).
- The segment reporting is in accordance with its internal financial reports derived from ERP system which is reviewed by Chief Operating Decision Maker (CODM). Consequently, the company has considered business as whole as a single operating segment in accordance with Indian Accounting Standard ('Ind AS') 108.
- The Group has adopted Ind AS 116 'Lease' which is effectively for annual periods beginning on or after April 1, 2019 using modified retrospective approach. Ind AS 116 sets out the principles for the recognitions, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under Ind AS 17. The adoption of the standard, however did not have any material impact with regards to recognition of Right of Use (ROU), loss for the period/nine months ended and earnings per share for the respective period.



Sadbhav Engineering Limited

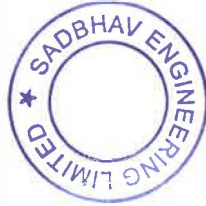
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- 7 The Sadbhav infrastructure Project limited (SIPL), a subsidiary company has entered into definitive share purchase agreements ('the agreement') dated July 1, 2019 with Indinfravit Trust for sale with effect from April 01, 2019 of its entire equity shareholding in eight of its subsidiary companies and Mysore Bellary Highway Private Limited (MBHPL) (a subsidiary of the Company for which 26% shares are transferred to the SIPL during the quarter and balance share transfer is expected to be transferred before completion of sale) for an approximate consideration of Rs. 2,55,000 lakhs including from sale of shares of MBHPL, which is higher than the carrying value of investments. This sale is subject to regulatory approvals, lender's consent, other customary approvals and upon satisfaction of conditions precedent as mentioned in the agreement. During the period, the SIPL has received approvals from its concessioners, except in case of ARRIL (step down subsidiaries) and the SIPL is in the process of completing other condition precedents. Consequently, there is no impact on the unaudited standalone financial results for the quarter and nine month ended December 31, 2019.
- 8 The Company has received demand order from the Tehsildar, Savantwadi district, Maharashtra of Rs. 34925.77 Lakhs on account of execution of "Insuli Check post" of Maharashtra Border Check Post project of the company through their back to back sub-contractor for matter relating to the period of FY 2008-09. Said subcontractor has received "No Dues Certificate" from the office of District Collector & District Magistrate, Sindhudurg on 07th July, 2017 for the said "Insuli check Post. The Company is strongly condemning the impugned Order which is devoid of having any merits and is against the order of the Honorable High Court, Mumbai. Hence said order has been challenged by the company before appropriate Appellate Tribunal and the company is confident of defending the case on merits.
- 9 As per the preliminary assessment the holding company has not elected to exercise the option permitted under section 115BBA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 and has continued making provision for income tax at the existing tax rates for the quarter/nine months ended Decemberr 31, 2019.
- 10 The Board of Directors at their meeting dated October 19, 2019 have approved a scheme of merger and arrangement under Section 230 to 232 of Companies Act 2013, subject to the regulatory approvals required whereby, the Sadbhav Infrastructure Project Limited, a subsidiary will merge into the Company.
- 11 The listed non-convertible debentures of the Company aggregating Rs.34000 lakhs outstanding as on December 31,2019 out of which Rs. 15000.00 lakhs are secured by way of shares of Company's certain subsidiaries and charge on specific unencumbered machinery/equipments. The asset cover thereof exceeds hundred percent of the principal amount of the said debentures.
- 12 The figures for the previous period have been regrouped/re-classified to confirm to the figures of the current period.
- 13 The above Financial Results are available on company's website www.sadbhaveng.com and on the websites of the stock exchange viz. www.bseindia.com and www.nseindia.com

For SADBHAV ENGINEERING LTD.


Shashin V. Patel
Chairman & Managing Director
DIN No.: 00048328
Place : Ahmedabad
Date : 14/02/2020





Limited Review Report on Quarterly Unaudited Standalone Financial Results of Sadbhav Engineering Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

To
The Board of Directors of Sadbhav Engineering Limited

We have reviewed the accompanying statement of unaudited standalone financial results of Sadbhav Engineering Limited ('the Company') for the quarter and nine months ended on December 31, 2019 attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company in their meeting held on February, 14 2020. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition & measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

We draw attention to note no 7 that the subsidiary company has entered into a definitive share purchase agreement dated July 1, 2019 with IndInfravit Trust for sale of its entire equity shareholding in a subsidiary company and eight of its step down subsidiary companies which will enable the company to meet its outstanding dues & obligations. The management is confident of obtaining all the required approvals for the transfer and fulfilling the conditions required to successfully complete the sale transaction. Our conclusion is not modified in respect of this matter.



Place: Ahmedabad
Date: February 14, 2020

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

Harish B Patel
Partner
M. No. 014427
UDIN: 20014427AAAASL6623

SADBHAV ENGINEERING LIMITED
[CIN: I45400GJ1988PLC011322]

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UNAUDITED FINANCIAL RESULTS (CONSOLIDATED) FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2019

(Rs.in Lakhs except for Share data)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31/12/2019 (Unaudited)	30/09/2019 (Unaudited)	31/12/2018 (Unaudited)	31/12/2019 (Unaudited)	31/12/2018 (Unaudited)	31/03/2019 (Audited)
1	Revenue From operations	68129.15	93813.14	130805.87	285757.83	384894.13	5,24,005.29
2	Other income	9767.58	9695.22	7329.67	29907.91	18556.65	26,456.44
3	Total Income (1+2)	77896.73	103508.36	138135.5361	315665.74	403450.78	5,50,461.73
4	Expenses						
	Construction Expenses	25195.47	45566.86	77519.19	145272.74	229211.62	3,37,459.30
	Operating Expenses	7112.30	6653.60	6970.00	19520.70	18605.00	-
	Changes in inventories of Finished Goods, stock in trade and work in progress	0.00	-	0.00	-	-	-
	Employee benefits expenses	4067.60	5889.12	5814.39	15536.30	16118.02	22,070.02
	Finance costs	37724.89	36279.26	36359.73	109816.85	99446.53	1,32,862.93
	Depreciation and amortization expenses	10834.61	10410.90	7363.07	31781.61	29294.54	39,207.61
	Other expenses	3191.92	2868.33	2956.61	9221.98	9736.89	16,376.64
	Total Expenses	88126.79	107668.07	136982.99	331150.18	402412.60	5,47,976.50
5	Profit before exceptional Items and tax (3-4)	(10,230.06)	(4,159.71)	1,152.54	(15,484.44)	1,038.17	2,485.23
6	Exceptional Items	-	-	-5345.70	-	(5,345.70)	5,422.14
7	Profit before tax (5-6)	(10,230.06)	(4,159.71)	6,498.24	(15,484.44)	6,383.87	7,907.37
8	(1) Tax Expense	570.60	918.13	2925.33	3,734.10	7,677.53	12,776.80
	(2) Deferred Tax	(342.05)	(524.37)	601.81	(1,134.20)	(1,579.11)	538.69
	(3) Adjustment for short or excess Provision of the previous year	-	(564.10)	45.50	(631.50)	244.70	-
9	Profit for the Period/Year from containing operations (7-8)	(10,458.61)	(3,989.37)	2,925.60	(17,452.84)	40.76	(5,408.12)
	Share of profit/ (loss) of associates	-	-	-	-	-	-
	Share of of profit (loss) of Joint Ventures	-	-	-	-	-	-
10	Net Profit /(Loss) for the period after taxes Before Non-controlling Interest	(10,458.61)	(3,989.37)	2,925.60	(17,452.84)	40.76	(5,408.12)
11	Other Comprehensive Income (OCI)						
	A. (i) Items that will not be reclassified to profit or loss	0.00					
	Re-measurement gains/(losses) on defined benefit plans	40.43	99.93	32.21	132.33	32.21	(45.00)
12	Total Comprehensive Income for the Period/Year (10+11)	(10,418.18)	(3,889.44)	2,957.81	(17,320.51)	72.97	(5,453.12)
	Profit/ (Loss) for the period/year attributable to:						
	Owners of the Company	(6,979.27)	(1,594.36)	3,938.69	(9,380.16)	5,036.00	2,112.82
	Non-controlling Interest	(3,479.24)	(2,395.01)	(1,013.08)	(8,072.68)	(4,995.24)	(7,520.94)
13	Other Comprehensive Income for the period/year attributable to:						
	Owners of the Company	16.69	99.93	32.21	108.59	32.21	(44.90)
	Non-controlling Interest	23.74	-	-	23.74	-	(0.10)
14	Total Comprehensive Income for the period/year attributable to:						
	Owners of the Company	(6,962.58)	(1,494.43)	3,970.90	(9,271.57)	5,068.21	2,067.92
	Non-controlling Interest	(3,455.50)	(2,395.01)	(1,013.08)	(8,048.94)	(4,995.24)	(7,521.04)
	Paid up Equity share Capital (face value of Re. 1 each)	1715.71	1715.71	1715.71	1715.71	1715.71	1,715.71
15	Other Equity excluding Revaluation Reserves	-	-	-	-	-	81,784.16
16	Basis EPS (Rs.) before extra ordinary items (*not annualized)	-4.07*	-0.93*	2.3*	-5.47*	2.94*	1.23*
17	Diluted EPS (Rs.) before extra ordinary items (*not annualized)	-4.07*	-0.93*	2.3*	-5.47*	2.94*	1.23*

Notes :

- 1 The above results were reviewed by the Audit Committee and were approved & taken on record by the Board of Directors at their meeting held on February 14, 2020.
- 2 Consolidated Financial Results includes result of Company and its subsidiaries including step-down subsidiaries (together referred as 'Group'). In accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Statutory Auditors of the Company have carried out Limited Review of the Result for the quarter and nine months ended December 31, 2019 only.
- 3 The segment reporting is in accordance with its internal financial reports derived from ERP system which is reviewed by Chief Operating Decision Maker (CODM). Consequently, the company has considered business as whole as a single operating segment in accordance with Indian Accounting Standard ('Ind AS') 108.
- 4 Pursuant to demonetisation, concessioning authorities had announced suspension of toll collection for all roads from November 09, 2016 until December 2, 2016. Based on subsequent notification and provisions of concession agreement with the relevant authorities, the group has claimed and recognised revenue of Rs. 5978.80 Lakhs during the year ended March 31, 2017, out of which Rs. 2738.8 Lakhs is yet to be realized as at December 31, 2019. The Group is in the process of addressing certain documentary requirements of the authority, post which the group is confident of receipts of the outstanding amount.
- 5 In case of Ahmedabad Ring Road Infrastructure Limited (ARRIL), one of the step down subsidiary, Ahmedabad Urban Development Authority (AUDA), has vide resolution passed by its board of directors in the meeting held on October 09, 2017, exempted Light Motor Vehicles (four wheelers) from payment of toll, w.e.f October 10, 2017 for which AUDA has formed committee, of which ARRIL is also member, to decide compensation amount and modalities of making compensation payments. Pending decision on the committee, the said step down subsidiary has recognised revenue of toll collection of Rs. 175.5 Lakhs, Rs. 170.70 Lakhs, Rs. 168.30 Lakhs for the quarter ended December 31, 2019, September 30, 2019, December 31, 2018 respectively and Rs. 512.70 lakhs and Rs. 495.20 lakhs for the nine months ended December 31, 2019 and December 31, 2018 respectively and Rs. 661.70 lakhs for the year ended March 31, 2019 based on the actual average daily traffic of Light Motor Vehicles (four wheelers) during period April 2017 to September 2017.
- 6 The revenue from operations includes revenue from construction contracts of Rs. 18,672.20 lakhs, Rs. 25,006.70 lakhs, Rs. 48,261.50 lakhs for quarter ended December 31, 2019, September 30, 2019 and December 31, 2018 respectively and Rs. 90,702.70 lakhs and Rs. 1,55,119.20 lakhs for the nine months ended December 31, 2019 and December 31, 2018 respectively and Rs. 2,39,211.00 lakhs for the year ended March 31, 2019 related to intangible assets under development and development of Hybrid Annuity assets as per concession arrangements which are recognised in accordance with the requirements of Appendix-D of Ind AS 115 "Revenue from contracts with customers.
- 7 Maharashtra Border Check Post Network Limited ('MBCPNL') a one of the step down subsidiary, has accepted and accounted certain project related costs variation towards increased cost of construction due to delay in execution of the Modernization and Computerisation of 22 Border Check Post Project ('BCP Project'). Such costs variations incurred due to various reasons not attributable to MBCPNL, in terms of service concession agreement, up to December 31, 2019 is Rs. 22288.40 lakhs (March 31, 2019 Rs. 22288.40 lakhs). The costs have been accounted as intangible assets/ intangible assets under development. Further, such costs variations is required to be approved by Government of Maharashtra (GoM) although the Independent Engineer of the Project, Technical Evaluation Committee duly appointed by project Steering Committee of Maharashtra State Road Development Corporation Limited ('the Project Authority') which is monitoring the project progress and the lender's independent engineer has in-principle accepted and recommended MBCPNL's cost variation claim. Based on the recommendations at the project steering committee, GoM (Grantor) will conclude in regard to cost variations claim of the MBCPNL although MBCPNL is confident that the additional costs accounted in the books will be fully accepted by the GoM.
- 8 Operating expenses include provision for Periodic Major Maintenance of Rs. 2,393.60 lakhs, Rs. 2,110.90 lakhs, and Rs. 2,564.70 lakhs for the quarter ended December 31, 2019, September 30, 2019 and December 31, 2018 respectively and Rs. 6,965.10 lakhs and Rs. 7,716.90 lakhs for the nine months ended December 31, 2019 and September 30, 2018 respectively and Rs. 9,741.80 lakhs for the year ended March 31, 2019.
- 9 The Sadbhav infrastructure Project limited (SIPL), a subsidiary company has entered into definitive share purchase agreements ('the agreement') dated July 1, 2019 with Indinfavit Trust for sale with effect from April 01, 2019 of its entire equity shareholding in eight of its subsidiary companies and Mysore Bellary Highway Private Limited (MBHPL) (a subsidiary of the Company for which 26% shares are transferred to the SIPL during the quarter and balance share transfer is expected to be transferred before completion of sale) for an approximate consideration of Rs. 2,55,000 lakhs including from sale of shares of MBHPL, which is higher than the carrying value of investments. This sale is subject to regulatory approvals, lender's consent, other customary approvals and upon satisfaction of conditions precedent as mentioned in the agreement. During the period, the SIPL has received approvals from its concessioners, except in case of ARRIL (step down subsidiaries) and the SIPL is in the process of completing other condition precedents. Consequently, there is no impact on the unaudited standalone financial results for the quarter and nine month ended December 31, 2019.
- 10 The Company has received demand order from the Tehsildar, Savantwadi district, Maharashtra of Rs. 34925.77 Lakhs on account of execution of "Insuli Check post" of Maharashtra Border Check Post project of the company through their back to back sub-contractor for matter relating to the period of FY 2008-09. Said subcontractor has received "No Dues Certificate" from the office of District Collector & District Magistrate, Sindhudurg on 07th July, 2017 for the said "Insuli check Post. The Company is strongly condemning the impugned Order which is devoid of having any merits and is against the order of the Honorable High Court, Mumbai. Hence said order has been challenged by the company before appropriate Appellate Tribunal and the company is confident of defending the case on merits.
- 11 The accumulated losses of step-down subsidiaries of Rs. 2,25,477.00 Lakhs as at December 31, 2019 (Rs.2,00,094.10 Lakhs as at March 31, 2019), mainly because of accumulated amortisation charge of Rs. 1,39,376.90 lakhs, in certain operational subsidiaries as those subsidiaries are in early stage of their operations. These operational step down subsidiaries whose net-worth is negative are expected to achieve adequate profitability as per the future traffic projections by way of increase in traffic and reduction in finance costs through repayment/refinancing of loan during their respective project tenure. As mentioned in the note 9 above, the value of eight step down subsidiaries' proposed to be sold as per definitive agreement is higher than their carrying cost. Also, some of the operational stem down subsidiaries have received favourable arbitration claims or have lodged claim and served cure period Notice amounting to Rs. 1,19,053.00 lakhs, on the basis of terms mentioned in the concession agreement. The SIPL has obtained legal opinion for tenability of such claims as per the concession agreement. Basis these and further complimented by the continuing unconditional financial support offered to the step down subsidiaries from the Company including proposed plan for merger as per note 17, the group will be able to meet/will continue to meet their financial obligations in the ordinary course of the business. Further, the management has also evaluated on annual basis and concluded that BOT/Annuity assets value are in excess of carrying value based on certain parameters like cash flow projections, future projected traffic, growth rate etc.
- 12 The Group has adopted Ind AS 116 'Lease' which is effectively for annual periods beginning on or after April 1, 2019 using modified retrospective approach. Ind AS 116 sets out the principles for the recognitions, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under Ind AS 17. The adoption of the standard, however did not have any material impact with regards to recognition of Right of Use (ROU), loss for the period/half year and earnings per share for the respective period.

- 13 a. During the previous financial year, pursuant to settlement agreement dated March 12, 2019 between the Maharashtra Airport Development Co Ltd and PBA Sadbhav Joint Venture in respect of arbitration award, the Company has received Rs. 76.44 Lakhs, which is recognised as income and is disclosed under exceptional items in these financial results.
- b. During the previous year, Nagpur Seoni Expressway Limited (NSEL), a step down subsidiary company, has received favourable arbitration award dated October 05, 2018 and has received in full, claim amounting to Rs. 6875.2 Lakhs from National Highway Authority of India, which is recognised as income and is disclosed under exceptional item in these results.
- c. During the FY 2018-19, pursuant to Settlement agreement dated October 20, 2018 between the company and minority shareholders of Bijapur Hungund Tollway Private Limited (BHTPL), the company has paid an amount of Rs. 1529.5 Lakhs which is expensed off and disclosed under exceptional item in these results.
- 14 As per the preliminary assessment the holding company and its two subsidiaries has not elected to exercise the option permitted under section 115BBA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 and has continued making provision for income tax at the existing tax rates for the nine months ended December 31, 2019. However, 9 step down subsidiaries company has elected to exercise the option permitted under Section 115BAA. Accordingly, the impact of the ordinance has been recognised during the nine months ended December 31, 2019
- 15 The concession agreements with National Highway Authority of India (NHAI) are terminated in case of Sadbhav Tumkur Highway Private Limited (STHPL) during the quarter and Sadbhav Vizag Port Road Private Limited (SVPRPL) and Sadbhav Bhimasar Bhuj Highway Private Limited (SBBHPL) during the previous quarter due to non availability of required 80% right of way (ROW) by NHAI within the stipulated time period due to which, the said subsidiaries will be inoperative.
- 16 The Group has carrying value of intangible assets of Rs. 2,64,353.40 lakhs in its 2 step down subsidiaries (apart from those covered under definitive agreement mentioned in note 9 above) engaged in construction, operation and maintenance of infrastructure projects under concession agreement with National Highways Authorities of India. The net worth of such companies has fully eroded based on their latest financial results. Considering the gestation period required for break even for such infrastructure investments, expected higher cash flows based on future business projections, claims of Rs. 1,19,053.00 lakhs lodged and served cure period notice in terms of conditions of respective concession agreements, backed by legal opinion on tenability of the claim, debt refinancing and the strategic nature of these investments and internal plan for revival, no provision/adjustment to the carrying value of above mentioned intangible assets as at December 31, 2019 is considered necessary by the Management at this stage.
- 17 The Board of Directors at their meeting dated October 19, 2019 have approved a scheme of merger and arrangement under Section 230 to 232 of Companies Act 2013, subject to the regulatory approvals required whereby, the Sadbhav Infrastructure Project Limited, a subsidiary will merge into the Company.
- 18 The figures for the previous period have been regrouped/rearranged wherever necessary, to make them comparable with those of the current period.
- 19 The above Financial Results are available on company's website www.sadbhaveng.com and on the websites of the stock exchange viz. www.bseindia.com and www.nseindia.com

For, SADBHAV ENGINEERING LTD.

Sv Patel
Shashin V. Patel
Chairman & Managing Director
DIN : 00048328
Place : Ahmedabad
Date : 14/02/2020





Limited Review Report on Quarterly Unaudited Consolidated Financial Results of Sadbhav Engineering Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

To
The Board of Directors of
Sadbhav Engineering Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Sadbhav Engineering Ltd ('the Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group') for the quarter and nine months ended on December 31, 2019 attached herewith, being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Attention is drawn to the fact that the consolidated figures for the quarter and nine months ended on December 31, 2018 as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review since the requirement of submission of quarterly consolidated financial results has become mandatory only from 1 April 2019.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 is the responsibility of the Parent's management and has been approved by the Parent's Board of Directors in their meeting held on February 14, 2020. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.

4. The Statement includes the financial results of following entities:

List of Subsidiaries:

1. Sadbhav Infrastructure Project Limited
2. Mysore Bellary Highway Private Limited
3. Sadbhav Gadag Highway Private Limited



List of step-down subsidiaries:

1. Ahmedabad Ring Road Infrastructure Ltd
 2. Aurangabad Jalna Toll Way Ltd
 3. Bijapur Hungund Tollway Private Ltd
 4. Hyderabad Yadgiri Tollway Private Ltd
 5. Maharashtra Border Check Post Network Ltd
 6. Rohtak Panipat Tollway Private Ltd
 7. Shreenathji Udaipur Tollway Private Limited
 8. Bhilwara Rajsamand Toll Way Private Ltd
 9. Rohtak Hissar Tollway Private Ltd
 10. Nagpur Seoni Expressway Ltd
 11. Dhule Palesner Tollway Limited
 12. Sadbhav Rudrapur Highway Private Limited
 13. Sadbhav Una Highway Private Limited
 14. Sadbhav Bhavnagar Highway Private Limited
 15. Sadbhav Nainital Highway Private Limited
 16. Sadbhav Bangalore Highway Private Limited
 17. Sadbhav Vidarbha Highway Private Limited
 18. Sadbhav Udaipur Highway Private Limited
 19. Sadbhav Jodhpur Ring Road Private Limited
 20. Sadbhav Tumkur Highway Private Limited
 21. Sadbhav Vizag Port Road Private Limited
 22. Sadbhav Kim Expressway Private Limited
 23. Sadbhav Bhimasar Bhuj Highway Private Limited
 24. Sadbhav Hybrid Annuity Project Limited
5. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition & measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to :
- a) Note 9 that the subsidiary company has entered into a definitive share purchase agreement dated July 1, 2019 with IndInfravit Trust for sale of its entire equity shareholding in a subsidiary company and eight of its step down subsidiary companies which will enable the company to meet its outstanding dues & obligations. The management is confident of obtaining all the required approvals for the transfer and fulfilling the conditions required to successfully complete the sale transaction. Our conclusion is not modified in respect of this matter.
 - b) Note 16 regarding net worth of 2 step-down subsidiary companies, which has eroded since the commencement of its commercial operations. However, Considering the claim of INR 1,19,053.00 Lakhs lodged backed by legal opinion obtained for tenability of such claim as per the concession agreement, management's internal plans of revival and future projections and on the basis of the reasons and other conditions mentioned in the aforesaid note, no provision for impairment of intangible assets has been made in the accompanying consolidated financial results. Our conclusion is not modified in respect of this matter.



c) Note 7 of the consolidated Ind AS financial results in respect of accounting of Intangible Assets/ Intangible Assets under Development of INR. 22,288.40 lakhs under the Service Concession Arrangement of Maharashtra Border Check Post Network Limited, a step-down subsidiary company, based upon recommendation made by project lenders' engineers and technical experts appointed by project authorities. Pending final approval by the Government of Maharashtra, no adjustments are considered necessary in these consolidated financial results. Our conclusion is not modified in respect of this matter.

7. The consolidated financial result includes unaudited financial statements of 2 subsidiaries whose financial statements reflects (before eliminating intercompany transactions) total revenue of INR 1792.40 lakhs and INR 5,205.90 lakhs, net profit after tax of INR 231.20 lakhs and INR 638.78 lakhs, total comprehensive income of INR 231.20 lakhs and INR 638.78 lakhs for the quarter ended on December 31, 2019 and nine months ended on December 31, 2019 respectively, as considered in the financial results. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the statement, in so far it relates to the amount and disclosures included in respect of these subsidiaries, is based on solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group". Our opinion on the consolidated financial results is not modified in respect of this matter with respect to our reliance on the financial information certified by the management.
8. We did not review the interim financial results and other financial information in respect of 1 subsidiary and 24 step-down subsidiaries, whose financial results/information reflects (before eliminating intercompany transactions) total revenue of INR 58552.60 lakhs and INR 214232.50 lakhs , total net loss after tax of INR 11855.30 lakhs and INR 25789.80 lakhs , total comprehensive loss of INR 11855.30 lakhs and INR 25789.80 lakhs for the quarter ended on December 31, 2019 and nine months ended on December 31, 2019 respectively as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by other auditors, whose reports have been furnished to us by the management. Our conclusion on the statement, in so far as it relates to the amounts and disclosures in respect of such subsidiary is based solely on the report of other auditors and procedures performed by us as stated in paragraph 3 above. Our conclusion on the statement is not modified in respect of this matter.

Place: Ahmedabad
Date: February 14, 2020



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

Harish B. Patel

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