

Ref: SIPL/2020-21/0020

7<sup>th</sup> July, 2020

To  
The Dy Gen Manager  
**Listing Department,**  
**Debt Market**  
BSE Limited  
PJ Tower, Dalal Street,  
Mumbai- 400 001

Dear Sir/ madam,

**Sub: Submission of Compliance Reports and Certificates pursuant to Regulation 52(4) and 52(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the half year ended 31<sup>st</sup> March, 2020.**

In compliance with Regulation 52(4) and 52(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the half yearly Debt Compliance Report for the half year ended 31<sup>st</sup> March, 2020.

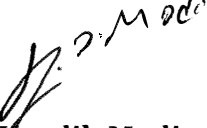
Further, also refer certificates received from Debenture Trustees, i.e. M/s. IDBI Trusteeship Services Limited and Catalyst Trusteeship Limited pursuant to Regulation 52(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

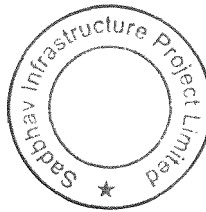
You are requested to take the same on record.

Thanking You,

Yours Faithfully,

**For Sadbhav Infrastructure Project Limited**

  
**Hardik Modi**  
**Company Secretary**  
**Membership No. F9193**  
**Encl: a.a**



**Sadbhav Infrastructure Project Limited**

Regd Office: "Sadbhav House", Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad – 380006

T : +91 79 26463384 F : +91 79 26400210 E : [investor@sadbhavinfra.co.in](mailto:investor@sadbhavinfra.co.in) Web: [www.sadbhavinfra.co.in](http://www.sadbhavinfra.co.in) CIN: L45202GJ2007PLC049808

Date: 7<sup>th</sup> July, 2020

To,  
The Dy Gen Manager  
Corporate Relationship Department  
**BSE Limited**  
PJ Tower, Dalal Street,  
Mumbai- 400 001

Compliance Officer  
**CATALYST TRUSTEESHIP LIMITED**  
Office No. 83 – 87, 8th floor,  
'Mittal Tower', 'B' Wing,  
Nariman Point, Mumbai – 400021

Dear Sir/ madam,

**Sub.: Half yearly Compliance Report of Non-Convertible Debentures ("NCD") aggregating to Rs. 170 Crores for the half year ended on 31<sup>st</sup> March, 2020.**

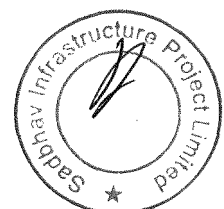
In compliance of the requirements of Regulation 52 (4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in respect of Secured, Listed, Redeemable, Non-Convertible Debentures aggregating to Rs. 170 Cr. listed on the whole sale debt market of the BSE Limited, please refer following details as on 31<sup>st</sup> March, 2020.

- Credit rating and change in credit rating (if any): CARE A- (CE); Stable [Single A Minus (Credit Enhancement)]; Outlook: Stable]
- Asset cover available, in case of non-convertible debt securities: 6.93
- Debt-equity ratio: 0.52
- Previous due date for the payment of interest / dividend for non-convertible redeemable preference shares / repayment of principal of non-convertible preference shares / non-convertible debt securities and whether the same has been paid or not; details are as below:

ISIN	Type (Principal / Interest)	Due date of payment	Amount (Rs.)	Actual date of payment
* INE764L07173	Principal	23/04/2021	68,00,00,000/-	27/02/20
* INE764L07173	Principal	23/04/2021	12,80,00,000/-	31/03/20

\* Prepayment

- Next due date for the payment of interest / dividend of non-convertible preference shares / principal along with the amount of interest / dividend of non-convertible preference shares payable and the redemption amount: N.A
- Debt service coverage ratio: 0.92



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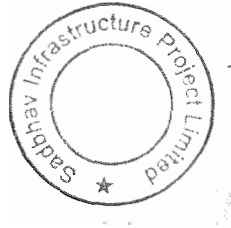
- g) Interest service coverage ratio: 3.06
- h) Outstanding redeemable preference shares (quantity and value): Not applicable.
- i) Debenture redemption reserve: Rs. 221.89 Million
- j) Net worth: Rs. 18013.10 Million
- k) Net profit after tax: Rs. 3766.18 Million
- l) Earnings per share: Rs. 10.69

You are requested to take the same on record.

Thanking you,

**For, Sadbhav Infrastructure Project Limited**

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



No. CTL/DEB/20-21/Noting Certificate/1032

July 07, 2020

To Whomsoever It May Concern,

### **CERTIFICATE FOR RECEIPT AND NOTING OF INFORMATION**

[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Catalyst Trusteeship Limited (“**Debenture Trustee**”) hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**Regulations**”), provided to us by **Sadbhav Infrastructure Projects Limited** (“**the Company**”) for the Half year ended March 31, 2020.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid Regulations, for onward submission to Stock Exchange(s) by the Company.

**For Catalyst Trusteeship Limited**

For CATALYST TRUSTEESHIP LIMITED

  
Authorised Signatory

**Authorised Signatory**

*Encl: Results submitted by Company*



Date: 7<sup>th</sup> July, 2020

To,

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

Compliance Officer  
**IDBI Trusteeship Services Limited**  
Asian Building, Ground Floor,  
17, R. Kamani Marg,  
Ballard Estate, Mumbai – 400 001.

Dear Sir/ madam,

**Sub.: Half yearly Compliance Report of Non-Convertible Debentures (“NCD”) aggregating to Rs. 200 Crores for the half year ended on 31<sup>st</sup> March, 2020.**

In compliance of the requirements of Regulation 52 (4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in respect of Secured, Listed, Redeemable, Non-Convertible Debentures aggregating to Rs. 200 Cr. listed on the whole sale debt market of the BSE Limited, please refer following details as on 31<sup>st</sup> March, 2020.

- Credit rating and change in credit rating (if any): CARE A- (CE); Stable [Single A Minus (Credit Enhancement)]; Outlook: Stable]
- Asset cover available, in case of non-convertible debt securities: 6.93
- Debt-equity ratio: 0.52
- Previous due date for the payment of interest / dividend for non-convertible redeemable preference shares / repayment of principal of non-convertible preference shares / non-convertible debt securities and whether the same has been paid or not; details are as below:

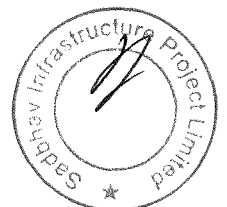
Series/ Tranche	ISIN	Type (Principal / Interest)	Due date of payment	Amount (Rs.)	Actual date of payment
II	INE764L07074	Interest	30/01/20	5,94,56,508/-	30/01/20
II	INE764L07074	Interest	27/02/20	46,67,808/-	27/02/20
III	INE764L07082	Interest	*27/02/20	3,50,00,000/-	27/02/20
III	INE764L07082	Interest	*13/03/20	4,26,024/-	13/03/20
III	INE764L07082	Interest	*20/03/20	10,63,835/-	20/03/20
II	INE764L07074	Principal	*13/04/20	50,00,00,000/-	27/02/20
III	INE764L07082	Principal	*13/04/20	14,80,00,000/-	13/03/20
III	INE764L07082	Principal	*13/04/20	35,30,00,000/-	20/03/20

\* Company has made prepayment with approval of Debenture Holders along with Interest.

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- e) Next due date for the payment of interest / ~~dividend of non-convertible preference shares~~ / principal along with the amount of interest / ~~dividend of non-convertible preference shares payable and the redemption amount~~:

Series/ Tranche	ISIN	Type (Principal / Interest)	Due date of payment	Amount (Rs.)	Actual date of payment
III	INE764L07082	Interest	13/04/20	12,50,546/-	13/04/20
III	INE764L07082	Principal	13/04/20	19,90,00,000/-	13/04/20

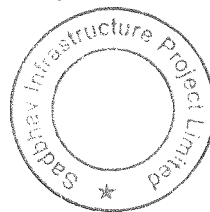
- f) Debt service coverage ratio: 0.92
- g) Interest service coverage ratio: 3.06
- h) outstanding redeemable Preference shares (quantity and value): Not Applicable
- i) Debenture redemption reserve: Rs. 221.89 Million
- j) Net worth: Rs. 18013.10 Million
- k) Net profit after tax: Rs. 3766.18 Million
- l) Earnings per share: 10.69

You are requested to take the same on record.

Thanking you,

**For, Sadbhav Infrastructure Project Limited**

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



No. 16609-B/ITSL/OPR/2020-21

7th July, 2020

**Sadbhav Infrastructure Project Limited**

“Sadbhav House”,

Opp. Law Garden Police Chowki,

Ellisbridge,

Ahmedabad – 380006

Dear Sir,

**Certificate for receipt and noting of information**

[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, IDBI Trusteeship Services Limited (“**Debenture Trustee**”) hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**Regulations**”), provided to us by Sadbhav Infrastructure Project Limited (“**the Company**”) for the financial year ended March 31, 2020.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid regulations, for onward submission to Stock Exchange(s) by the Company.

**For IDBI Trusteeship Services Limited**



**Authorised Signatory**

Date: 7<sup>th</sup> July, 2020

To,  
The Dy Gen Manager  
Corporate Relationship Department  
**BSE Limited**  
PJ Tower, Dalal Street,  
Mumbai- 400 001

Compliance Officer  
**IDBI Trusteeship Services Limited**  
Asian Building, Ground Floor,  
17, R. Kamani Marg,  
Ballard Estate, Mumbai – 400 001.

Dear Sir/ madam,

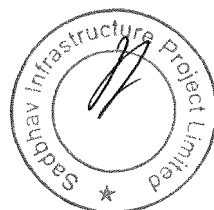
**Sub.: Half yearly Compliance Report of Non-Convertible Debentures (“NCD”) aggregating to Rs. 300 Crores for the half year ended on 31<sup>st</sup> March, 2020.**

In compliance of the requirements of Regulation 52 (4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in respect of Secured, Listed, Redeemable, Non-Convertible Debentures aggregating to Rs. 300 Cr. listed on the whole sale debt market of the BSE Limited, please refer following details as on 31<sup>st</sup> March, 2020.

- Credit rating and change in credit rating (if any): CARE A (SO)
- Asset cover available, in case of non-convertible debt securities: 6.93
- Debt-equity ratio: 0.52
- Previous due date for the payment of interest / ~~dividend for non-convertible redeemable preference shares / repayment of principal of non-convertible preference shares / non-convertible debt securities~~ and whether the same has been paid or not; details are as below:

Series/ Tranche	ISIN	Type (Principal / Interest)	Due date of payment	Amount (Rs.)	Actual date of payment
* Tranche - A - Series - 2	INE764L07108	Principal	15/04/20	50,00,00,000/-	27/02/2020
* Tranche - B - Series - A	INE764L07132	Principal	28/04/20	10,70,00,000/-	13/03/2020
* Tranche - B - Series - A	INE764L07132	Principal	28/04/20	14,30,00,000/-	30/03/2020
* Tranche - B - Series - B	INE764L07140	Principal	28/04/20	15,30,00,000/-	30/03/2020

\* Company has made prepayment with approval of Debenture Holders along with Interest.



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- e) Next due date for the payment of interest / ~~dividend of non-convertible preference shares / principal along with the amount of interest / dividend of non-convertible preference shares payable and the redemption amount:~~

Series/ Tranche	ISIN	Type (Principal / Interest)	Due date of payment	Amount (Rs.)	Actual date of payment
* Tranche - B - Series - B	INE764L07140	Principal	28/04/20	9,70,00,000/-	22/04/2020

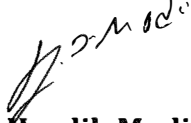
\* Prepayment

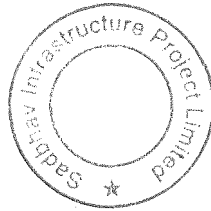
- f) Debt service coverage ratio: 0.92
- g) Interest service coverage ratio: 3.06
- h) outstanding redeemable Preference Shares (quantity and value): N.A.
- i) Debenture redemption reserve: Rs. 221.89 Million
- j) Net worth: Rs. 18013.10 Million
- k) Net profit after tax: Rs. 3766.18 Million
- l) Earnings per share: 10.69

You are requested to take the same on record.

Thanking you,

**For, Sadbhav Infrastructure Project Limited**

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



No. 16609-A/ITSL/OPR/2020-21

7th July, 2020

**Sadbhav Infrastructure Project Limited**

“Sadbhav House”,

Opp. Law Garden Police Chowki,

Ellisbridge,

Ahmedabad – 380006

Dear Sir,

**Certificate for receipt and noting of information**

[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, IDBI Trusteeship Services Limited (“**Debenture Trustee**”) hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**Regulations**”), provided to us by Sadbhav Infrastructure Project Limited (“**the Company**”) for the financial year ended March 31, 2020.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid regulations, for onward submission to Stock Exchange(s) by the Company.

For **IDBI Trusteeship Services Limited**

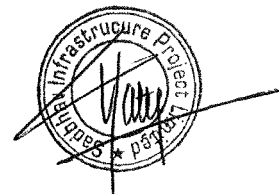


**Authorised Signatory**

**SADBHAV INFRASTRUCTURE PROJECT LIMITED**

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020						
(INR in Million except as stated otherwise)						
Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2020 (Audited) (Refer Note 7)	Dec 31, 2019 (Unaudited)	March 31, 2019 (Audited) (Refer Note 7)	March 31, 2020 (Audited)	March 31, 2019 (Audited)
1	Revenue from operations	174.60	545.01	722.42	1,817.67	2,950.27
2	Other income (Note 4)	159.95	180.45	215.64	766.53	729.89
3	Total Income (1 +2)	334.55	725.46	938.06	2,584.20	3,680.16
4	Expenses					
a.	Consumption of project materials	-	-	2.54	0.27	22.39
b.	Sub-contractor charges	103.26	321.29	196.96	791.02	641.17
c.	Employee benefits expenses	7.31	8.91	7.92	33.43	34.17
d.	Finance costs (Note 6)	460.76	600.40	446.17	2,132.91	1,748.51
e.	Depreciation and amortisation expenses	0.14	0.14	0.28	0.59	0.96
f.	Other expenses	197.79	9.20	77.03	239.52	144.46
g.	Balances written off (Note 5)	1,196.42	-	-	1,196.42	-
	Total expenditure	1,965.68	939.94	730.90	4,394.16	2,591.66
5	Profit / (Loss) before exceptional item and tax (3-4)	(1,631.13)	(214.48)	207.16	(1,809.96)	1,088.50
6	Exceptional Items (Note 4)	6,271.77	(14.33)	-	6,198.05	(152.95)
7	Profit / (Loss) before tax (5-6)	4,640.64	(228.81)	207.16	4,388.09	935.55
8	Tax expense					
	Current tax (Note 11)	139.63	(14.27)	154.22	139.63	330.64
	Deferred tax expense / (credit)	560.63	0.11	(22.18)	542.03	2.58
	Adjustment of tax relating to earlier period	(3.34)	-	-	(59.75)	36.89
9	Net Profit / (Loss) for the period / year (7-8)	3,943.72	(214.65)	75.12	3,766.18	565.44
10	Other Comprehensive Income					
	Items that will not be reclassified to Profit or Loss in subsequent periods					
	Remeasurements gain of the defined benefit plans	0.36	-	0.37	0.36	0.37
	Income tax effect on above	-	-	-	-	-
11	Total Comprehensive Income for the period / year (net of tax) (9+10)	3,944.08	(214.65)	75.49	3,766.54	565.81
12	Paid up equity share capital (face value of INR 10/- each)	3,522.25	3,522.25	3,522.25	3,522.25	3,522.25
13	Other equity excluding revaluation reserve				14,490.85	10,851.50
14	Basic and diluted earnings / (loss) per share (EPS) (face value of INR 10/- each) (not annualised for the quarters)	11.20	(0.61)	0.21	10.69	1.61
	See accompanying notes to the standalone financial results					
15	Debt Redemption Reserve				221.89	676.24
16	Debt Equity Ratio (DER)				0.52	1.23
17	Debt Service Coverage Ratio (DSCR)				0.92	0.65
18	Interest Service Coverage Ratio				3.06	1.54
19	Asset Coverage Ratio				6.93	3.40
20	Details of Secured Non-Convertible Debenture as follows:					
Sr. No.	Particulars	Previous due dates		Next due dates		
		(1st October, 2019 to 31st March, 2020)		(1st April, 2020 to 30th Sept, 2020)		
		Principal	Interest	Principal	Interest	
1	INE764L07058	18-11-2019	18-11-2019	-	-	
2	INE764L07074	\$ 27-02-2020	\$ 27-02-2020	-	-	
3	INE764L07082	# 13-03-2020 # 20-03-2020	27-02-2020 # 13-03-2020 # 20-03-2020	13-04-2020	13-04-2020	
4	INE764L07108	* 27-02-2020	* 27-02-2020	-	-	
5	INE764L07116	-	-	-	20-09-2020	
6	INE764L07124	-	-	-	20-09-2020	
7	INE764L07132	^ 13-03-2020 ^ 30-03-2020	^ 13-03-2020 ^ 30-03-2020	-	-	
8	INE764L07140	& 30-03-2020	& 30-03-2020	28-04-2020	28-04-2020	
9	INE764L07157	-	-	-	-	
10	INE764L07165	-	-	-	-	
11	INE764L07173	@ 27-02-2020 @ 31-03-2020	@ 27-02-2020 @ 31-03-2020	-	-	
12	INE764L07181	## 13-03-2020 ## 20-03-2020	## 13-03-2020 ## 20-03-2020	-	-	

\* ISIN: INE764L07108 have been fully repaid on 27/02/2020.  
 \$ ISIN: INE764L07074 have been fully repaid on 27/02/2020 along with interest upto redemption date.  
 # ISIN: INE764L07082 has been partially repaid on 13/03/2020 and 20/03/2020 along with interest upto redemption date  
 ^ ISIN: INE764L07132 has been partially repaid on 13/03/2020 and balance fully redeemed on 30/03/2020.  
 & ISIN: INE764L07140 has been partially repaid on 30/03/2020.  
 @ ISIN: INE764L07173 has been partially repaid on 27/02/2020 and 31/03/2020.  
 ## ISIN: INE764L07181 has been partially repaid on 13/03/2020 and 20/03/2020.



**Sadbhav Infrastructure Project Ltd.**

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STATEMENT OF STANDALONE ASSETS AND LIABILITIES

Particulars	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
(a) Property, plant and equipments	1.09	1.60
(b) Investment property	2.88	2.88
(c) Financial assets		
(i) Investments (note 5)	25,945.13	26,214.72
(ii) Other financial assets	28.43	123.78
(iii) Loans	4.45	4.09
(d) Other non current assets	5.23	18.78
<b>Total Non-current Assets (A)</b>	<b>25,987.21</b>	<b>26,365.85</b>
<b>Current Assets</b>		
(a) Financial assets		
(i) Trade receivables	1,364.16	1,467.66
(ii) Cash and cash equivalents	217.76	4.44
(iii) Bank Balances other than (ii) above	93.02	-
(iv) Loans	894.85	5,293.89
(v) Other financial assets	679.86	930.39
(b) Other current assets	40.63	114.23
<b>Total Current Assets (B)</b>	<b>3,290.28</b>	<b>7,810.61</b>
<b>Assets classified as held for sale (note 4a)</b>		
<b>Total (C)</b>	<b>1,036.80</b>	<b>-</b>
<b>Total Assets (A+B+C)</b>	<b>30,314.29</b>	<b>34,176.46</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	3,522.25	3,522.25
(b) Other Equity	14,490.85	10,851.50
<b>Total Equity (A)</b>	<b>18,013.10</b>	<b>14,373.75</b>
<b>LIABILITIES</b>		
<b>Non-current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	4,098.49	7,689.63
(ii) Other financial liabilities	917.60	1,084.50
(b) Provisions	3.14	2.52
(c) Deferred tax liabilities (net)	654.51	112.47
<b>Total Non-current Liabilities (B)</b>	<b>5,673.74</b>	<b>8,889.12</b>
<b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	3,846.54	7,042.98
(ii) Trade payables		
Total outstanding dues to micro and small enterprises	-	-
Total outstanding dues of creditors other than micro and small enterprises	753.59	751.51
(iii) Other financial liabilities	1,546.19	2,585.24
(b) Other current liabilities	414.88	388.73
(c) Provisions	0.67	1.09
(d) Current tax liabilities (net)	65.58	144.04
<b>Total Current Liabilities (C)</b>	<b>6,627.45</b>	<b>10,913.59</b>
<b>Total Liabilities (D=B+C)</b>	<b>12,301.19</b>	<b>19,802.71</b>
<b>Total Equity and Liabilities (E=A+D)</b>	<b>30,314.29</b>	<b>34,176.46</b>

See accompanying notes to the standalone financial results



## Sadbhav Infrastructure Project Ltd.

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**Notes :**

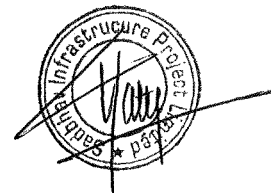
1. Sadbhav Infrastructure Project Limited ('the Company') is engaged in development, construction as well as operation and maintenance of infrastructure projects. The Company undertakes infrastructure development projects directly or indirectly through Special Purpose Vehicles (SPVs), in terms of the concession agreements.
2. The aforesaid audited standalone financial results for the quarter and the year ended March 31, 2020 have been reviewed and recommended by the audit committee and approved by the Board of Directors at their meeting held on July 06, 2020. The results are prepared in accordance with the Indian Accounting Standards (IND AS) as prescribed under section 133 of the Companies Act, 2013. The statutory auditors have carried out audit of the same.
3. The Company has single reportable segment (operating segment) i.e Build Operate and Transfer (BOT) / Annuity Projects and its related activities in accordance with Indian Accounting Standard - 108 "Segment Reporting".
4. a. Pursuant to the definitive share purchase agreement ('the agreement') dated July 1, 2019 with IndInfra Trust, the entire equity shareholding in seven of its subsidiary companies i.e. Bijapur Hungund Tollway Private Limited, Aurangabad Jalna Tollway Limited, Hyderabad Yadgiri Tollway Private Limited, Dhule Palesner Tollway Limited, Nagpur Seoni Expressway Limited, Shreenathji Udaipur Tollway Private Limited, Bhilwara Rajsamand Tollway Private Limited and Mysore Bellary Highway Private Limited (MBHPL), a subsidiary of Parent company i.e. Sadbhav Engineering Limited (SEL) have been transferred to IndInfra Trust with effect from 14th February, 2020. This has resulted into profit of INR 6,275.77 million which have been disclosed as exceptional item. Further, the net gain on assets carved out during the purchase of these subsidiaries amounting to INR 103.70 million has been included under 'other income'.

Further, the condition precedents mentioned in the agreement such as regulatory approvals, lender's consent, other customary approvals with respect to one entity i.e. Ahmedabad Ring Road Infrastructure Limited (ARRIL), is in process as at reporting date and accordingly, investments in this subsidiary company has been classified as assets held for sale in accordance with Ind AS 105 – "Non-Current Assets Held for Sale and Discontinuing Operations".

- b. The concession agreements with National Highway Authority of India (NHAI) are terminated in case of Sadbhav Tumkur Highway Private Limited (STHPL), Sadbhav Vizag Port Road Private Limited (SVPRPL) and Sadbhav Bhimasar Bhuj Highway Private Limited (SBBHPL) during the year, due to non availability of required 80% right of way (ROW) by NHAI within the stipulated time period as a consequence of which, these subsidiaries were inoperative. The provision made for carrying value of Investment in these subsidiaries amounting to INR 77.72 million is disclosed under exceptional item.
- c. The exceptional item for the year ended 31 March 2019 amounting to INR 152.95 million was towards the settlement of claim between the Company and minority shareholders of Bijapur Hungund Tollway Private Limited ('BHTPL') pursuant to settlement agreement dated October 20, 2018.
5. The Company has investments of INR 325.42 million and subordinate debts of INR 7,582.15 million in its 2 subsidiaries engaged in construction, operation and maintenance of infrastructure projects under concession agreement with National Highways Authorities of India. The net worth of these subsidiary companies has fully eroded. Considering the gestation period required for break even for such infrastructure investments, expected higher cash flows based on future business projections, claims of INR 11,905.30 million lodged in terms of conditions of concession agreements which is backed by legal opinion on tenability of the claim, debt refinancing, internal plan of revival to meet its dues and obligations and the strategic nature of these investments, the management believes that the networth of these entities would become positive in due course. Considering the same, no provision/adjustment to the carrying value of Investments and subordinate debts and loans and advances as at March 31, 2020 is considered necessary at this stage.

Considering the above pending claims and revival plans, the company has decided to grant waiver from payment of interest accrued till December 31, 2019 amounting to INR 1,179.85 million and converted outstanding unsecured loan to sub-ordinate debts in these 2 subsidiary companies to support the operational ability of these subsidiaries. Pursuant to the waiver, the outstanding interest receivable has been written off in statement of profit and loss account and has been included under 'balances written off'.

6. Finance cost includes interest of INR 182.56 million, INR 259.14 million and INR 158.86 million for the quarter ended March 31, 2020, December 31, 2019 and March 31, 2019 respectively, INR 919.95 million and INR 602.65 million for the year ended March 31, 2020 and March 31, 2019 respectively, paid to Sadbhav Engineering Limited (Parent company or SEL) on Short term loans given by SEL.
7. The figures for the quarter ended March 31, 2020 and March 31, 2019 are balancing figures between the audited figures in respect of the full financial year upto March 31, 2020 and March 31, 2019 and the unaudited published year to date figures up to third quarter ended December 31, 2019 and December 31, 2018 respectively, being the date of the end of the third quarter of the financial year which were subjected to limited review.



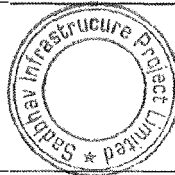
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- 8 The company has a credit rating of A- (single A Minus) from CARE Ratings Limited and its non - convertible debentures are rated A- (single A Minus) (CE) by CARE Ratings Limited as per the latest rating dated March 25, 2020.
- 9 The listed non-convertible debentures of the Company aggregating INR 3,962.00 million outstanding as on March 31, 2020 are secured by way of corporate guarantee of Sadbhav Engineering Limited (SEL), the holding Company, first ranking charge created on shares of certain subsidiaries held by the company and of SEL. The asset cover thereof exceeds hundred percent of the principal amount of the said
- 10 The Company has adopted Ind AS 116 'Leases' which is effective for annual periods beginning on or after April 1, 2019 using modified retrospective approach. Ind AS 116 sets out the principles for the recognition, 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/profit for the period/year and (loss) / earnings per share for the respective period/year.
- 11 The Company has re-assessed tax benefit under the Taxation Laws (Amendment) Ordinance, 2019 (the ordinance) dated September 20, 2019 and opted option available under the ordinance. The consequential tax impact on account of this has been given in the results for the quarter and year ended March 31, 2020.
- 12 The Board of Directors at their meeting dated October 19, 2019 have approved a scheme of merger and arrangement with Sadbhav Engineering Limited (SEL - the holding company) under Section 230 to 232 of Companies Act 2013, subject to the regulatory approvals required whereby, the company will merge into the holding company. The Company is in the process of carrying out necessary procedures in this regards.
- 13 The COVID-19 pandemic is rapidly spreading across the world as well as in India and has caused shutdown across the country. The Company has resumed operations in a phased manner in line with the directives of the Government of India. The Company's management has made initial assessment of likely adverse impact on business, and believes that the impact may not be significant over the terms of its contracts. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at date of approval of these financial statements has used corroborative information. As on current date, the company has concluded that the impact of Covid-19 is not material based on the evaluations. Due to the nature of the pandemic, the company will continue to monitor developments to identify significant uncertainties in future periods, if any. The management does not see any long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.
- 14 Statement of audited Cash flow for the year ended March 31, 2020 and March 31, 2019 is given in Annexure 1.
- 15 Figures for the previous period/year have been regrouped / rearranged, wherever necessary, to make them comparable with those for the current period.

Place : Ahmedabad  
Date : July 06, 2020



For and on behalf of the Board of Directors of  
Sadbhav Infrastructure Project Limited

Vasistha C. Patel  
Managing Director (DIN:00048324)

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## Annexure 1 - Statement of audited Cash Flow for the year ended on March 31, 2020

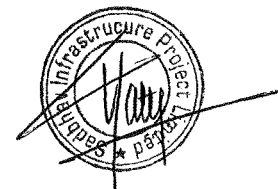
(INR in Million except as stated otherwise)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>(A) Cash Flows From Operating Activities</b>		
Profit before tax	4,388.10	935.55
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortisation expenses	0.59	0.96
Interest and other borrowing cost	2,132.91	1,748.51
Profit on sale of units of mutual funds	-	(0.43)
Balances written off (note 5)	1,196.42	-
Liabilities no longer required written back	(120.78)	(123.44)
Exceptional items (note 4)	(6,198.05)	-
Profit on carve out assets transferred	(103.70)	-
Interest Income	(542.06)	(606.02)
<b>Operating profit before working capital changes</b>	<b>753.43</b>	<b>1,955.13</b>
<b>Movement in Working Capital:</b>		
Decrease / (Increase) in other financial assets	73.73	(20.11)
Decrease / (Increase) in other assets	87.14	(80.98)
Decrease / (Increase) in trade receivable	103.50	(261.89)
(Decrease) / Increase in other financial liabilities	(78.29)	8.51
Increase / (Decrease) in other liabilities and provisions	5.08	(143.99)
Increase in trade payables	122.84	27.95
<b>Cash generated from operations</b>	<b>1,067.43</b>	<b>1,484.62</b>
Direct taxes paid / (refunded) (including TDS) (net)	174.48	289.07
<b>Net cash generated from operating activities</b>	<b>(A) 892.95</b>	<b>1,195.55</b>
<b>(B) Cash Flows From Investing Activities</b>		
Purchase of property plant and equipment	(0.07)	(0.75)
Proceed from sale of Investment	2,809.62	-
Perpetual debt given	(1,355.04)	(1,314.63)
Perpetual debt received back	7,941.47	-
Investments in subsidiaries	(221.65)	(667.37)
Short term loan given	(1,410.64)	(2,960.19)
Short term loan received	1,896.31	2,410.66
Investments in bank deposits (having original maturity of more than three months)	(8.87)	(95.35)
Proceeds from bank deposits (having original maturity of more than three months)	11.21	21.08
Redemption of mutual fund units	-	368.82
Purchase of mutual fund units	-	(368.40)
Interest received	110.74	511.14
<b>Net cash flow generated from / (used in) investing activities</b>	<b>(B) 9,773.08</b>	<b>(2,094.99)</b>
<b>(C) Cash Flows From Financing Activities</b>		
Proceeds from non-current borrowings	960.81	3,600.00
Repayment of non-current borrowings	(5,875.95)	(2,404.32)
Proceeds from current borrowings	6,495.94	6,017.49
Repayment of current borrowings	(9,883.18)	(4,555.67)
Dividend paid on equity shares	(105.56)	(211.53)
Interest and other borrowing cost paid	(2,235.57)	(1,555.70)
<b>Net cash generated from / (used in) financing activities</b>	<b>(C) (10,643.51)</b>	<b>890.28</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A + B + C) 22.52</b>	<b>(9.16)</b>
Cash and cash equivalents at beginning of the year	4.44	13.61
<b>Cash and cash equivalents at end of the year</b>	<b>26.96</b>	<b>4.44</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	0.01	0.01
Balance with Scheduled Banks		
in Current Accounts	217.72	4.40
in Current Accounts Earmarked for unpaid share application refund money	0.03	0.03
	<b>217.76</b>	<b>4.44</b>
Less: Bank overdraft	(190.80)	-
<b>Cash and cash equivalents at end of the year</b>	<b>26.96</b>	<b>4.44</b>

## Sadbhav Infrastructure Project Ltd.

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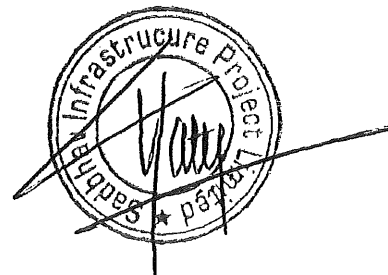
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SADBHAV INFRASTRUCTURE PROJECT LIMITED

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS  
FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

Sr. No.	Particulars	(INR in Million except as stated otherwise)				
		Quarter months ended			Year ended	
		March 31, 2020 (Audited) (Refer Note 18)	Dec 31, 2019 (Unaudited)	March 31, 2019 (Audited) (Refer Note 18)	March 31, 2020 (Audited)	March 31, 2019 (Audited)
1	Revenue from operations (Note 2 and 3)	3,772.38	5,057.85	8,954.35	22,704.03	35,479.32
2	Other income	631.99	797.41	1,967.08	3,123.60	1,820.44
3	<b>Total income (1+2)</b>	<b>4,404.37</b>	<b>5,855.26</b>	<b>10,921.43</b>	<b>25,827.63</b>	<b>37,299.76</b>
4	<b>Expenses</b>					
	a. Consumption of project materials	0.00	-	2.54	0.27	22.39
	b. Sub-contract charges	1,590.72	1,858.10	6,883.62	10,566.57	21,438.44
	c. Operating expenses (Note 6)	357.45	671.90	611.81	2,184.99	2,398.64
	d. Employee benefits expense	94.51	99.48	133.99	492.41	529.17
	e. Finance costs (Note 7)	2,769.45	3,452.26	2,996.91	12,758.60	11,747.52
	f. Depreciation and amortization expenses	573.99	815.77	759.95	2,927.25	2,963.10
	g. Other expenses	457.11	134.71	227.05	897.51	606.72
	<b>Total Expenditure</b>	<b>5,843.22</b>	<b>7,032.22</b>	<b>11,615.87</b>	<b>29,827.60</b>	<b>39,705.98</b>
5	<b>Profit / (Loss) before exceptional item and tax (3-4)</b>	<b>(1,438.86)</b>	<b>(1,176.96)</b>	<b>(694.44)</b>	<b>(3,999.97)</b>	<b>(2,406.22)</b>
6	Exceptional Items (note 4)	15,028.46	-	-	15,028.46	534.57
7	<b>Profit / (Loss) before tax (5-6)</b>	<b>13,589.60</b>	<b>(1,176.96)</b>	<b>(694.44)</b>	<b>11,028.49</b>	<b>(1,871.65)</b>
8	<b>Tax Expense</b>					
	Current tax (note 14)	142.90	20.28	150.60	216.55	531.24
	Deferred tax expenses / (credit)	586.00	(11.71)	21.46	593.34	53.50
	Adjustment of tax relating to earlier period	(11.88)	-	(2.21)	(75.02)	22.26
9	<b>Net Profit / (Loss) for the period / year before Minority Interest (7-8)</b>	<b>12,872.58</b>	<b>(1,185.53)</b>	<b>(864.29)</b>	<b>10,293.62</b>	<b>(2,478.65)</b>
10	<b>Other Comprehensive Income ('OCI')</b>					
	(i) Items that will not be reclassified to Profit or Loss					
	Remeasurements of the defined benefit plans	0.22	-	(1.45)	0.22	(1.45)
	Income tax effect on above	-	-	-	-	-
11	<b>Total Comprehensive Income for the period/year (net of tax) (9+10)</b>	<b>12,872.84</b>	<b>(1,185.53)</b>	<b>(865.74)</b>	<b>10,293.84</b>	<b>(2,480.10)</b>
12	<b>Profit / (Loss) for the period/year attributable to:</b>					
	Owners of the Company	12,874.84	(1,168.11)	(831.68)	10,336.53	(2,452.73)
	Non-controlling Interest	(2.24)	(17.42)	(32.61)	(42.91)	(25.92)
13	<b>Other Comprehensive Income for the period/year attributable to:</b>					
	Owners of the Company	0.22	-	(1.44)	0.22	(1.44)
	Non-controlling Interest	-	-	(0.01)	-	(0.01)
14	<b>Total Comprehensive Income for the period/year attributable to:</b>					
	Owners of the Company	12,875.06	(1,168.11)	(833.12)	10,336.75	(2,454.17)
	Non-controlling Interest	(2.24)	(17.42)	(32.62)	(42.91)	(25.93)
15	Paid up Equity share Capital (face value of INR 10 each)	3,522.25	3,522.25	3,522.25	3,522.25	3,522.25
16	Other Equity excluding revaluation reserve (Note 12)					(9,008.19)
17	Basic and Diluted Earning / (Loss) Per Share (EPS) (face value of INR 10 each) (not annualised for the quarters)	36.55	(3.32)	(2.37)	29.35	(6.97)
	See accompanying notes to the consolidated financial results					



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18 Details of Secured Non-Convertible Debenture as follows:					
Sr. No.	Particulars	Previous due dates		Next due dates	
		1st October, 2019 to 31st March, 2020		1st April, 2020 to 31st October, 2020	
		Principal	Interest	Principal	Interest
1	INE764L07058	18-11-2019	18-11-2019	-	-
2	INE764L07074	\$ 27-02-2020	30-01-2020	-	-
3	INE764L07082	# 13-03-2020	\$ 27-02-2020	-	-
4	INE764L07108	# 20-03-2020	27-02-2020	13-04-2020	13-04-2020
5	INE764L07116	* 27-02-2020	# 13-03-2020	-	-
6	INE764L07124	-	# 20-03-2020	-	20-09-2020
7	INE764L07132	^ 13-03-2020	-	-	20-09-2020
8	INE764L07140	^ 30-03-2020	* 27-02-2020	-	-
9	INE764L07157	& 30-03-2020	-	-	-
10	INE764L07165	-	-	28-04-2020	28-04-2020
11	INE764L07173	-	-	-	-
12	INE764L07181	@ 27-02-2020	-	-	-
13	INE626J07012	@ 31-03-2020	@ 27-02-2020	-	-
14	INE626J07095	## 13-03-2020	@ 31-03-2020	-	-
15	INE626J07103	## 20-03-2020	## 13-03-2020	-	-
16	INE626J07111	01-02-2020	## 20-03-2020	01-08-2020	01-08-2020
17	INE626J07129	01-02-2020	01-02-2020	-	-
18	INE626J07137	-	01-02-2020	-	-
19	INE626J07145	-	01-02-2020	-	01-08-2020
20	INE626J07152	-	01-02-2020	-	-
21	INE626J07160	-	01-02-2020	-	01-08-2020

\* ISIN: INE764L07108 have been fully repaid on 27/02/2020

\$ ISIN: INE764L07074 have been fully repaid on 27/02/2020 along with interest upto redemption date

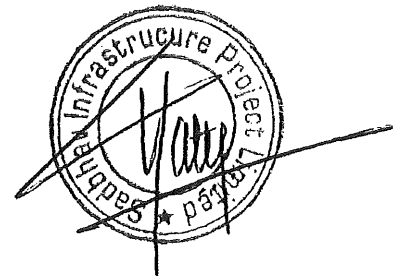
# ISIN: INE764L07082 has been partially repaid on 13/03/2020 and 20/03/2020 along with interest upto redemption date

^ ISIN: INE764L07132 has been partially repaid on 13/03/2020 and balance fully redeemed on 30/03/2020.

& ISIN: INE764L07140 has been partially repaid on 30/03/2020.

@ ISIN: INE764L07173 has been partially repaid on 27/02/2020 and 31/03/2020.

## ISIN: INE764L07181 has been partially repaid on 13/03/2020 and 20/03/2020.



## Sadbhav Infrastructure Project Ltd.

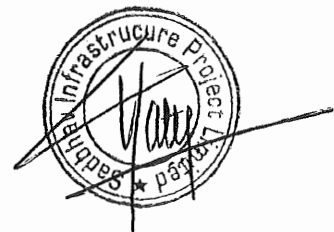
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STATEMENT OF UNAUDITED CONSOLIDATED ASSETS AND LIABILITIES

Particulars	(INR in Millions)	
	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
(a) Property, Plant and Equipments	67.41	173.78
(b) Investment Property	8.38	21.92
(c) Goodwill on consolidation	265.30	2,043.74
(d) Other Intangible Assets (note 17)	39,966.85	90,095.15
(e) Intangible Asset Under Development	955.28	929.57
(f) Financial Assets		
(i) Investments	7,243.30	-
(ii) Loan	4.45	-
(i) Receivable under Service Concession Arrangement	27,138.40	21,672.25
(ii) Others	89.26	181.77
(g) Deferred tax Assets (Net)	21.82	0.08
(h) Other Non Current Assets	737.28	1,283.38
<b>Total Non-current Assets (A)</b>	<b>76,497.73</b>	<b>1,16,401.64</b>
<b>Current Assets</b>		
(a) Financial Assets		
(i) Investments	-	978.57
(ii) Trade receivables	305.39	320.50
(iii) Cash and cash equivalents	719.91	725.21
(iv) Bank balances other than (iii) above	93.02	-
(v) Loans	880.22	170.70
(vi) Receivable under Service Concession Arrangement	2,814.47	4,176.75
(vii) Others	2,264.91	2,044.97
(b) Current Tax Assets (net)	111.28	36.08
(c) Other current assets	5,976.52	4,923.40
<b>Total Current Assets (B)</b>	<b>13,165.72</b>	<b>13,376.18</b>
<b>Assets classified as held for sale (Note 4)</b>	<b>(C)</b>	<b>-</b>
<b>Total Assets (A+B+C)</b>	<b>92,992.19</b>	<b>1,29,777.82</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	3,522.25	3,522.25
(b) Other Equity (note 13)	1,137.72	(9,008.19)
<b>Equity attributable to equity holders</b>	<b>4,659.97</b>	<b>(5,485.94)</b>
<b>Non controlling interest</b>	<b>-</b>	<b>(18.55)</b>
<b>Total Equity (A)</b>	<b>4,659.97</b>	<b>(5,504.49)</b>
<b>Liabilities</b>		
<b>Non-current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	52,872.06	88,156.10
(ii) Other financial liabilities	11,227.03	17,101.85
(b) Provisions	1,374.50	2,169.69
(c) Deferred tax Liabilities (Net)	767.94	750.17
(d) Other non-current liabilities	290.25	870.75
<b>Total Non-current Liabilities (B)</b>	<b>66,531.78</b>	<b>1,09,048.56</b>
<b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	4,411.83	6,443.73
(ii) Trade Payables		
Total outstanding dues to micro and small enterprises	-	-
Total outstanding dues of creditors other than micro and small enterprises	6,058.71	7,158.21
(iii) Other financial liabilities	5,379.27	6,455.78
(b) Other current liabilities	3,414.32	3,727.87
(c) Provisions	25.66	2,205.47
(d) Current tax Liabilities (net)	82.62	242.69
<b>Total Current Liabilities (C)</b>	<b>19,372.41</b>	<b>26,233.75</b>
<b>Liabilities relating to assets classified as held for sale (Note 4)</b>	<b>(D)</b>	<b>2,428.03</b>
<b>Total Liabilities (E=B+C+D)</b>	<b>88,332.22</b>	<b>1,35,282.31</b>
<b>Total Equity and Liabilities (A+E)</b>	<b>92,992.19</b>	<b>1,29,777.82</b>

See accompanying notes to the consolidated financial results.



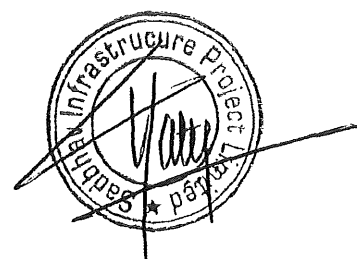
**Sadbhav Infrastructure Project Ltd.**

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**Notes :**

- 1 The aforesaid audited consolidated financial results of Sadbhav Infrastructure Project Limited ('the Company' or 'holding company') and its subsidiaries (holding company together referred to as 'Group') for the quarter and year ended March 31, 2020 have been reviewed and recommended by the audit committee and approved by the Board of Directors at their respective meetings on July 06, 2020. The results are prepared in accordance with the Indian Accounting Standards (IND AS) as prescribed under section 133 of the Companies Act, 2013. The statutory auditors have carried out audit of the same.
- 2 In case of Ahmedabad Ring road Infrastructure Limited (ARRIL), one of the 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. In this connection AUDA, relying on legal opinion, in its board meeting has passed resolution to assess claims and make payments as per actual traffic. Company has raised the claims as per the directions of the Board of AUDA. Pending Final decision on claim assessment by AUDA, the said subsidiary has recognised revenue of toll collection of INR 17.36 Million, INR 17.55 Million and INR 16.65 Million for the quarter ended March 31, 2020, December 31, 2019 and March 31, 2019 respectively and INR 68.63 Million and INR 66.17 Million for the year ended March 31, 2020 and March 31, 2019 respectively based on the actual average daily traffic of Light Motor Vehicles (four wheelers) during period April 2017 to September 2017.
- 3 The revenue from operations includes revenue from construction contracts of INR 1,638.17 million, INR 1,867.22 million, INR 8,409.18 million for quarter ended March 31, 2020, December 31, 2019 and March 31, 2019 respectively and INR 10,708.44 million and INR 23,921.10 million for the year ended March 31, 2020 and March 31, 2019 respectively 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."
- 4 a. Pursuant to the definitive share purchase agreement ('the agreement') dated July 1, 2019 with IndInfravit Trust, the entire equity shareholding in seven of its subsidiary companies i.e. Bijapur Hungund Tollway Private Limited, Aurangabad Jalna Tollway Limited, Hyderabad Yadgiri Tollway Private Limited, Dhule Palesner Tollway Limited, Nagpur Seoni Expressway Limited, Shreenathji Udaipur Tollway Private Limited, Bhilwara Rajsamand Tollway Private Limited and Mysore Bellary Highway Private Limited (MBHPL), a subsidiary of Parent company i.e. Sadbhav Engineering Limited (SEL) have been transferred to IndInfravit Trust with effect from 14th February, 2020. This has resulted into profit of INR 15,028.46 million which have been disclosed as exceptional item.  
  
Further, the condition precedents mentioned in the agreement such as regulatory approvals, lender's consent, other customary approvals with respect to one entity i.e. Ahmedabad Ring Road Infrastructure Limited (ARRIL), is in process as at reporting date and accordingly, investments in this subsidiary company has been classified as assets held for sale in accordance with Ind AS 105 – "Non-Current Assets Held for Sale and Discontinuing Operations".  
  
b. During the previous year, Nagpur Seoni Expressway Limited (NSEL), a subsidiary company, had received a favourable arbitration award dated October 05, 2018 and has received in full, claim amounting to INR 687.52 million from National Highway Authority of India, which is recognised as income and is disclosed under exceptional item in these results.  
  
c. During the previous year, pursuant to Settlement agreement dated October 20, 2018 between the company and minority shareholders of Bijapur Hungund Tollway Private Limited (BHTPL), the company had paid an amount of INR 152.95 million which was expensed off and disclosed under exceptional item in these results
- 5 Maharashtra Border Check Post Network Limited ('MBCPNL') one of the subsidiary, has accepted and accounted certain project related cost variation towards increased cost of construction due to delay in execution of the Modernization and Computerisation of 22 Border Check Post Project including 2 additional check post ('BCP Project'). Such cost variations incurred due to various reasons not attributable to MBCPNL, in terms of service concession agreement, up to March 31, 2020 is INR 2,228.84 Million (March 31, 2019 INR 2,228.84 Million). The costs has been accounted as intangible asset / intangible assets under development. Further, such cost variation is required to be approved by Government of Maharashtra (GoM) although the Independent Engineer of the Project, Technical Evaluation Committee duly appointed by Project Steering Committee of Maharashtra State Road Development Corporation Limited ('the Project Authority') which is monitoring the project progress and the lender's independent engineer have in-principle accepted and recommended MBCPNL's cost variation claim. Based on the recommendations at the project steering committee, GoM (Grantor) will conclude in regard to cost variation claim of the MBCPNL although MBCPNL is confident that the additional costs accounted in the books will be fully accepted by the GoM.
- 6 Operating expenses include provision for Periodic Major Maintenance of INR 57.08 million, INR 239.36 million, and INR 202.49 million for the quarter ended March 31, 2020, December 31, 2019 and March 31, 2019 respectively and INR 753.59 million and INR 974.18 million for the year ended March 31, 2020 and March 31, 2019 respectively.
- 7 Finance cost includes interest of INR 182.56 million, INR 259.14 million and INR 158.86 million for the quarter ended March 31, 2020, December 31, 2019 and March 31, 2019 respectively, INR 919.95 million and INR 602.65 million for the year ended March 31, 2020 and March 31, 2019 respectively, paid to Sadbhav Engineering Limited (Parent company or SEL) on Short term loans given by SEL.
- 8 The COVID-19 pandemic is rapidly spreading across the world as well as in India and has caused shutdown across the country. The Group has resumed operations in a phased manner in line with the directives of the Government of India. The Group's management has made initial assessment of likely adverse impact on business, and believes that the impact may not be significant over the terms of its contracts. The group has filed/ is in the process of filing of claims for appropriate relief as per the terms of concession agreement with NHAI/Local Authority and has also availed the relief provided by its lenders by way of moratorium on certain principal / interest payment. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the group, as at date of approval of these financial statements has used corroborative information. As on current date, the group has concluded that the impact of Covid-19 is not material based on the evaluations. Due to the nature of the pandemic, the group will continue to monitor developments to identify significant uncertainties in future periods, if any. The management does not see any long term risks in the Group's ability to continue as a going concern and meeting its liabilities as and when they fall due.



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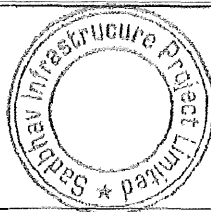
9 Key numbers of standalone financial results of the Company for the quarter and year end are as under:-

Sr. No	Particulars	Quarter months ended			Year ended	
		March 31, 2020 (Audited) (Refer Note 18)	Dec 31, 2019 (Unaudited)	March 31, 2019 (Audited) (Refer Note 18)	March 31, 2020 (Audited)	March 31, 2019 (Audited)
1	Revenue from operations	174.60	545.01	722.42	1,817.67	2,950.27
2	Net Profit / (loss) before tax	4,640.64	(228.81)	207.16	4,388.09	935.55
3	Net Profit / (loss) after tax	3,943.72	(214.65)	75.12	3,766.18	565.44
4	Total other comprehensive income for the period / year	3,944.08	(214.65)	75.49	3,766.54	565.81

The standalone financial results are available at the Company's website [www.sadbhavinfra.co.in](http://www.sadbhavinfra.co.in) and on the web site of the stock exchanges [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

- 10 The listed non-convertible debentures of the Company aggregating INR 3,962.00 million outstanding as on March 31, 2020 are secured by way of corporate guarantee of Sadbhav Engineering Limited (SEL), the holding Company, first ranking charge created on shares of certain subsidiaries held by the company and of SEL. The asset cover thereof exceeds hundred percent of the principal amount of the said debentures.
- 11 The Group has a single reportable segment (operating segment) i.e Build Operate and Transfer (BOT)/Annuity Projects and its related activities in accordance with Indian Accounting Standard - 108 "Segment Reporting".
- 12 The group has certain operational subsidiaries having accumulated losses, which has resulted into erosion net-worth of those subsidiaries. Such operational subsidiaries 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. There have also been favourable arbitration claims received by these subsidiaries in the past and have further lodged claim amounting to INR 11,905.30 Million during the year, the tenability of which, as per concession agreement, is backed up by a legal opinion. As mentioned in the note 4 above, during the year, the parent company has completed sale of seven SPV's at a value higher than their carrying cost and also is in the process of closing sale of one more on similar terms. Although the group has negative working capital at the year end, considering the above reasons, internal plan of revival and the continuing unconditional financial support offered to the Group from the holding company i.e. Sadbhav Engineering Limited (SEL) including proposed plan for its merger with SEL, the group will be able to meet/will continue to meet their financial obligations in the ordinary course of the business.
- 13 The Group has adopted Ind AS 116 'Leases' which is effective for annual periods beginning on or after April 1, 2019 using modified retrospective approach. Ind AS 116 sets out the principles for the recognition, 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/year end and earnings per share for the respective year.
- 14 The Group has re-assessed tax benefit under the Taxation Laws (Amendment) Ordinance, 2019 (the ordinance) dated September 20, 2019 and opted option available under the ordinance except in case of 3 subsidiary companies where rates as per old regime are continue. The consequential tax impact of the same has been given in the results for the quarter and year ended March 31, 2020.
- 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 year 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 INR 26,271.85 million in its 2 subsidiaries engaged in construction, operation and maintenance of infrastructure projects under concession agreement with National Highways Authorities of India. The net worth of these subsidiary companies has fully eroded as per their latest financial statement. Considering the gestation period required for break even for such infrastructure investments, expected higher cash flows based on future business projections, claims of INR 11,905.30 million lodged in terms of conditions of concession agreements which is backed by legal opinion on tenability of the claim, debt refinancing, internal plan of revival to meet its dues and obligations and the strategic nature of these investments, basis which the management believes that the networth of these entities would become positive in due course. Considering the same, no provision/adjustment to the carrying value of intangible assets as at March 31, 2020 is considered necessary at this stage.
- 17 The Board of Directors at their meeting dated October 19, 2019 have approved a scheme of merger and arrangement with Sadbhav Engineering Limited (SEL - the holding company) under Section 230 to 232 of Companies Act 2013, subject to the regulatory approvals required whereby, the company will merge into the holding company. The holding company's management is in the process of carrying out necessary procedures in this regards.
- 18 The figures of the quarter ended March 31, 2020 and March 31, 2019 are balancing figures between the audited figures in respect of the full financial year upto March 31, 2020 and March 31, 2019 and the unaudited published year to date figure up to third quarter ended December 31, 2019 and December 31, 2018 respectively, being the date of the end of the third quarter of the financial year which were subjected to limited review.
- 19 Statement of audited Cash flow for the year ended March 31, 2020 and March 31, 2019 is given in Annexure 1.
- 20 Figures for the previous periods have been regrouped / rearranged, wherever necessary, to make them comparable with those of the current period.

Place: Ahmedabad  
Date: July 06, 2020



For and on behalf of the Board of Directors of  
Sadbhav Infrastructure Project Limited

Vasista C. Patel  
Managing Director (DIN:00048324)

## Sadbhav Infrastructure Project Ltd.

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**Annexure 1 : Statement of Consolidated Cash Flow for the year ended on March 31, 2020**

Particulars	March 31, 2020	March 31, 2019
	INR In Million	INR In Million
<b>(A) Cash flows from operating activities</b>		
Profit / (Loss) before tax	11,028.49	(1,871.65)
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortisation expense	2,927.25	2,963.10
Finance cost	12,758.60	11,747.52
Profit on sale of units of mutual funds (net)	(76.10)	(84.47)
Exceptional item (note 4 )	(15,028.46)	-
Provision of Periodic maintenance expenses	753.58	971.88
Interest income from deposit with bank	(13.12)	(12.10)
Balances written off	155.63	-
Liabilities no longer required written back	(1,045.58)	(123.60)
<b>Operating Profit before working capital changes</b>	<b>11,460.29</b>	<b>13,590.68</b>
<b>Movement in working capital:</b>		
(Increase) in trade receivables (including receivable under service concession)	(7,917.86)	(14,272.12)
Decrease / (Increase) in other financial assets	271.60	(106.21)
(Increase) in other assets	(464.67)	(1,412.21)
(Decrease) / Increase in trade payables	(641.79)	3,847.46
Increase in other financial liabilities	1,353.84	1,031.54
(Decrease) in other liabilities	(1,017.37)	(109.97)
Increase / (Decrease) in provisions	559.63	(141.73)
<b>Cash generated from operating activities</b>	<b>3,603.65</b>	<b>2,427.45</b>
Direct taxes paid (net of refund received)	56.32	(502.76)
<b>Net cash flows generated from operating activities (A)</b>	<b>3,659.97</b>	<b>1,924.69</b>
<b>(B) Cash flows from investing activities</b>		
Purchase of PPE and other intangible assets (including Intangible asset under development)	(50.24)	(1,045.36)
Proceeds from disposal of property plant and equipment	-	0.70
Proceeds from sale of investments in subsidiary companies	2,809.62	-
Payment for acquisition of non-controlling interest in subsidiary	-	(227.60)
Investments in bank deposits (having original maturity of more than three months)	(344.02)	(95.35)
Redemption of bank deposits (having original maturity of more than three months)	251.00	21.08
Redemption / (purchase) from sale of units of mutual fund (net) (including realised gain)	132.64	(471.01)
Interest received	7.19	(192.62)
<b>Net cash flows generated from / (used in) investing activities (B)</b>	<b>2,806.19</b>	<b>(2,010.17)</b>
<b>(C) Cash flows from financing activities</b>		
Share issue expenses	(2.15)	(3.66)
Repayment toward compound financial instruments - non-controlling	-	(30.00)
Proceed from compound financial instruments	7,911.29	-
Proceeds from non-current borrowings	7,555.50	18,727.74
Repayment of non-current borrowings	(7,106.27)	(8,483.04)
Proceeds from current borrowings	7,388.86	5,305.48
Repayment of current borrowings	(9,978.44)	(4,555.67)
Dividend paid on equity shares (including dividend distribution tax)	(105.67)	(211.53)
Interest and other borrowing cost paid	(12,290.31)	(10,497.03)
<b>Net cash flows (used in) / generated from financing activities (C)</b>	<b>(6,627.19)</b>	<b>252.31</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(160.99)</b>	<b>166.83</b>
Cash and cash equivalents at beginning of the year	725.21	558.38
<b>Cash and cash equivalents at end of the year</b>	<b>564.22</b>	<b>725.21</b>

**Notes:**

**1 Components of cash and cash equivalents**

Cash on hand	10.85	69.78
Balances with banks:		
- In current accounts	441.92	519.73
- In current accounts earmarked for unpaid share application refund money	0.03	-
- In fixed deposits for less than three months	302.21	135.70
- Bank overdraft	(190.79)	-
<b>Cash and cash equivalents</b>	<b>564.22</b>	<b>725.21</b>

March 31, 2020	March 31, 2019
INR In Million	INR In Million
10.85	69.78
441.92	519.73
0.03	-
302.21	135.70
(190.79)	-
<b>564.22</b>	<b>725.21</b>



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## Sadbhav Infrastructure Project Limited

March 25, 2020

### Ratings

Instruments*	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long-term Non-Convertible Debentures-II	19.90 (120.00)	<b>CARE A- (CE); Stable</b> <b>[Single A Minus</b> <b>(Credit Enhancement);</b> <b>Outlook: Stable]</b>	Removed from Credit watch; Rating revised from CARE A (CE) [Single A (Credit Enhancement)]
Long-term Non-Convertible Debentures-III	189.30 (250.00)	<b>CARE A- (CE); Stable</b> <b>[Single A Minus</b> <b>(Credit Enhancement);</b> <b>Outlook: Stable]</b>	Removed from Credit watch; Rating revised from CARE A (CE) [Single A (Credit Enhancement)]
Long-term Non-Convertible Debentures-IV	102.00 (170.00)	<b>CARE A- (CE); Stable</b> <b>[Single A Minus</b> <b>(Credit Enhancement);</b> <b>Outlook: Stable]</b>	Removed from Credit watch; Rating revised from CARE A (CE) [Single A (Credit Enhancement)]
Long-term Non-Convertible Debentures-V	127.40 (190.00)	<b>CARE A- (CE); Stable</b> <b>[Single A Minus</b> <b>(Credit Enhancement);</b> <b>Outlook: Stable]</b>	Removed from Credit watch; Rating revised from CARE A (CE) [Single A (Credit Enhancement)]
<b>Total Instruments</b>	<b>438.60</b> <b>(Rupees Four Hundred</b> <b>Thirty Eight Crore and</b> <b>Sixty Lakhs Only)</b>		

Details of instruments in Annexure – 1

\*backed by unconditional and irrevocable corporate guarantee of Sadbhav Engineering Limited [SEL; rated CARE A-; Stable / CARE A2+]

### Detailed Rationale & Key Rating Drivers

The rating assigned to the non-convertible debentures (NCD) issue of Sadbhav Infrastructure Project Limited (SIPL) takes into account the unconditional and irrevocable corporate guarantee extended by Sadbhav Engineering Limited [SEL; rated CARE A-; Stable / CARE A2+].

The ratings assigned to the bank facilities and instruments of SEL have been removed from 'Credit watch with Developing Implications' in light of completion of divestment of SIPL's entire equity stake in eight out of nine operational road special purpose vehicles (SPVs) to InvIT portfolio of IndInfravit Trust (IndInfravit), receipt of significant portion of the envisaged consideration (Rs.1,459 crore in cash out of total cash proceeds of Rs.1,908 crore) and emergence of substantial clarity on the end use of stake sale proceeds from Sadbhav group's management. As of March 19, 2020, SIPL has received cash proceeds of Rs.1,459 crore in cash in three tranches and Rs.724 crore in form of InvIT units equivalent to 10% stake in IndInfravit Trust for these eight SPVs. CARE also notes that significant portion of the stake sale proceeds have been utilized for rationalization of Sadbhav group's debt (Around Rs.825 crore of external debt has been paid off at standalone level) as envisaged earlier. Further, concessioning authority approval for Ahmedabad Ring Road Infrastructure Limited [ARRIL, rated CARE A (Under Credit watch with Developing Implications)] is pending, which as per management's articulation, is under process and thus, ARRIL is expected to be transferred to IndInfravit by Q1FY21, proceeds of which shall be utilized for further rationalization of debt. As per management articulation, post stake sale transaction, SIPL shall continue to be the maintenance contractor for these nine assets and SIPL would have the right of first offer (ROFO) option for selling its stake in future operational Hybrid Annuity Model (HAM) assets to IndInfravit Trust.

Simultaneously, ratings have been revised on account of deterioration in operating performance marked by significant built up of current asset levels despite decline in total operating income during 9MFY20 (refers to the period April 1 to March 31) and delay in execution of majority of its HAM asset portfolio due to various challenges including issues related to land acquisition, de-scoping/de-linking approvals, along with challenging funding scenario. This has been reflected from gross current asset days of around 400 days during 9MFY20 as compared to 263 days for FY19. Slower equity infusion by the sponsor and delay in execution of the portfolio increased the propensity to support them till stabilization of revenue stream.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

Further, this is against CARE's earlier expectation of release of significant portion of working capital blocked in receivables of HAM projects and completion of four out of the eight on-going HAM projects by March 2020, albeit one of HAM assets has applied for PCOD.

The ratings also take cognizance of the fact that there has been reduction in combined leverage of the group through utilization of stake sale proceeds, reduction in equity commitments for HAM projects upon termination of the group's three HAM projects, potential upside in cash flows including receipt of arbitration proceeds, expected receipt of mobilisation advance in some HAM projects in the near term, upstreaming of surplus cashflows from Maharashtra Border Check Post Network Limited (MBCNL; rated CARE A; Negative) and financial flexibility available in the form of stake in the listed units of IndInfravit Trust alongwith expected cash flows in the form of dividend income from the units.

The ratings however, continue to be constrained by delay in execution of HAM portfolio, increased working capital intensity of SEL and subdued performance of two of its operational SPVs. The ratings also factor Sadbhav group's exposure to inherent risks associated with BOT projects (which has although reduced from 12 projects to 4 due to stake sale) especially in current scenario of Covid-19 pandemic and inherent challenges faced by the construction sector, including the current challenging fund raising scenario for the sector.

CARE also notes that as per stock exchange announcement dated October 19, 2019, SIPL would be merged with SEL with effect from April 1, 2019 subject to various statutory and regulatory approvals including approval of National Company Law Tribunal (NCLT). However, the merger is not expected to have any material impact on the ratings due to CARE's approach of taking a combined view of SEL (standalone) and SIPL (standalone) for analytical purpose and common management as well business linkages of both the companies.

### Rating sensitivities

#### Positive factors

- Monetization of sizeable investment in HAM SPVs leading to release of current assets built up at SEL level
- Significant growth in TOI and improvement in the current asset days below 180 days

#### Negative factors

- Inability to improve stretched current assets levels and pace of execution of HAM projects within envisaged time frame
- More than envisaged support to BOT projects impacting debt coverage indicators of SEL
- Delay in receipt of new orders from Engineering Procurement and Construction (EPC) segment as envisaged by management
- Any step up of coupon rate or accelerated repayment triggered by change in rating

### Detailed description of the key rating drivers of guarantor - SEL

#### ***Stretched current assets position along with delay in execution of majority of its HAM asset portfolio leading to more than envisaged decline in total operating income***

SEL's working capital intensity has increased marked by increase in current assets from Rs.2,504 crore as on March 31, 2019 to Rs.2,915 crore as on September 30, 2019 with increase in gross current assets days from 263 days during FY19 to around 400 days during 9MFY20. The current asset days have elongated mainly due to increase in debtors pertaining to escalation portion and change of scope in some of its on-going HAM projects apart from GST receivables as well as due to delay in term debt disbursement by lenders owing to challenging fund raising environment prevailing in the construction sector. Further, some of the EPC projects could not realize any debtors out of large revenue booked during 9MFY20 due to stage payment. Although outstanding debtors reduced as on January 31, 2020, it is expected to remain considerably higher as on March 31, 2020 as compared to earlier expectations.

Project execution has also slowed down during 9MFY20 during which, only 15% of the outstanding order book as on March 31, 2019 has been executed. Also, nine on-going HAM projects (including Sadbhav Gadag, which received appointed date on March 12, 2020) of Sadbhav Group constituted around Rs.4,056 crore in SEL's total order book as on September 30, 2019. Due to various hindrances encountered by these SPVs like delay in land availability and utility shifting, obtaining necessary clearances and delay in approval from NHAI for de-linking and de-scoping coupled with slowdown in execution due to increase in creditors level, seven of these SPVs are running behind schedule (EoTs have been received from NHAI in some assets). Creditor level has increased from Rs.435.26 crore as on March 31, 2019 to Rs.664.92 crore as on September 30, 2019 mainly due to delay in debt disbursements at project levels which has also contributed in delayed execution. Slowdown in project execution and increase in working capital intensity have resulted in declined in TOI on y-o-y basis from Rs.2,832 crore during 9MFY19 to Rs.2,087 crore during 9MFY20. Further, Sadbhav group on combined basis reported PAT of Rs.59 crore during 9MFY20 as against PAT of Rs.137 crore during 9MFY19.

#### ***Increase in the propensity to support their under construction HAM portfolio during their initial phase; albeit termination of three HAM projects has reduced the upfront equity commitment***



As on February 29, 2020, Sadbhav group has infused around Rs.650 crore as equity commitments in under-construction HAM SPVs, while it further has equity commitments of Rs.470 crore spread over FY21 & FY22. Simultaneously, the group's scheduled equity commitments reduced by around Rs.395 crore due to termination of concession agreement for three of its HAM SPVs (i.e. Sadbhav Vizag Port Road Project Limited, Sadbhav Bhimasar Bhuj Highway Private Limited and Sadbhav Tumkur Highway Project Limited). However, due to delay in completion of these HAM SPVs, reliance on the sponsor (i.e. SIPL) to fund the shortfall during the initial phase has increased. However, funding of shortfall of HAM SPVs can be realized in the operational period notwithstanding deduction in first annuity and denying approval for extension of time (EOT). SIPL had availed bridge loan for meeting its interim working capital requirement, debt servicing and equity infusion in these HAM projects till receipt of stake sale proceeds, which it has repaid post receipt of stake sale proceeds. However, as articulated by the management, future equity commitment and shortfall is expected to be met by balance stake sale proceeds to be received, internal accruals and up-streaming of cash flows from MBCNL, proceeds from arbitration awards and sale of units in IndInfravit Trust.

#### **Key Rating Strengths:**

***Completion of stake sale process with transfer of eight out of the nine projects and receipt of significant portion of the total envisaged stake sale proceeds:*** On July 1, 2019, SEL and SIPL made an announcement on stock exchange regarding execution of Share Purchase Agreements with IndInfravit Trust for selling their entire equity stake in their nine operational BOT SPVs (seven toll and two annuity based projects). As of March 20, 2020, SEL and SIPL have transferred eight out of the nine SPVs (i.e. excluding ARRIL) and has received stake sale proceeds of Rs.1,459 crore in cash in total three tranches in addition to the listed units of IndInfravit of Rs.724 crore, which provides significant financial flexibility. As informed by the company and as per various stock exchange announcements, these proceeds have been utilised for rationalisation of the debt levels of the group (Around Rs.825 crore of external debt has been paid off at standalone level)). Further, as indicated by the management, SIPL is at an advanced stage of obtaining approval from the concessioning authority of ARRIL, i.e. Ahmedabad Urban Development Authority (AUDA), which it expects to receive by April 2020 and thus, receive the stake sale proceeds for ARRIL till June 2020. Post stake sale, SIPL shall continue to carry out routine and major maintenance for these projects which is likely to maintain its revenue visibility in medium term. Approximate value of these contracts is Rs.4,000 crore over the balance concession period. Also, SIPL has entered into a ROFO agreement with IndInfravit for monetisation of its current and future operational assets.

***Established track record in the Indian road construction sector:*** SEL has a sound track record of over two decades in the Indian road construction sector. SEL has successfully completed construction of more than 8,400 lane km of road projects since its establishment with majority of the BOT projects completed in a timely manner.

***Moderate revenue visibility, albeit reduction due to termination of concessioning agreements of own HAM projects:*** SEL's order book is diversified across four broad segments: EPC of third party road projects, EPC of own BOT/HAM road projects, mining and irrigation. The order book of the company is geographically diversified with presence across various states of the country. SEL had a healthy and diversified order book of Rs.8,726 crore [2.27 times of its contract receipts for FY19 (refers to the period April 1 to March 31)] as on December 31, 2019; however, this has declined from Rs.11,981 crore as on March 31, 2019 largely on account of recent termination of the concession agreement for three of its HAM SPVs. The overall contribution of road & highway segment in the total order book of the company which is its core strength has also decreased to 72% as on December 31, 2019 as compared to 78% as on March 31, 2019. However, till 9MFY20, SEL and SIPL have executed orders of only 15% of the outstanding order book as on March 31, 2019. SEL plans to bid the EPC projects in road segment to enhance its revenue visibility. Going forward, extent of improvement in the revenue visibility shall be key rating monitorable.

***Various initiatives undertaken by the Government of India (GOI) to improve the prospects of the road construction sector:*** GOI through National Highways Authority of India (NHAI; rated 'CARE AAA; Stable') has taken various steps to improve the prospects of the road sector. These include premium rescheduling for stressed projects, bidding of tenders only after 80% land has been acquired for the project, release of 75% of arbitration award against submission of bank guarantee and 100% exit for developers after two years of project completion and NHAI funding for projects that are stuck at advanced stages of completion. Furthermore, NHAI has made some favourable changes in the clauses of model concession agreement and introduced HAM based BOT projects to reduce the equity commitment of the developers. After witnessing steady increase in pace of award during last three years, pace of award has declined in FY19 due to moderation in the bidding appetite due to challenging fund raising scenario. EPC is, thus, envisaged to be the preferred mode of award till improvement in fund raising environment and bidding appetite of the developers. As informed by the management SEL has bid for eight EPC projects worth around Rs.7,000 crore.

**Interest bearing working capital advance**



As per NHAI's policy guidelines dated November 19, 2019, the concerned Project Director, NHAI (PD,NHAI), with prior approval of Regional Office, NHAI (PD, NHAI) may disburse an interest bearing working capital advance to the EPC contractor against unbilled executed work, which is not qualifying for payment under milestone based payment mechanism. This is expected to improve liquidity for the developers of HAM projects.

#### **Key Rating Weaknesses:**

***Exposure of the group to inherent risks associated with BOT projects along with subdued performance of two of its SPVs, however, expected to reduce subsequent to sale of stake in operational SPVs:*** As on March 31, 2019, Sadbhav group had total investment (including loans and advances) of Rs.3,341 crore. Subsequent to stake sale, exposure in BOT projects is expected to be reduced significantly to around 60% based on the combined net-worth as of March 31, 2019 as against 112% as on March 31, 2019. SIPL has already infused around Rs.600 crore as on December 31, 2019 in its on-going HAM projects. Further, the under construction HAM projects of the group have equity commitments Rs.484 crore spread over FY21 & FY22. Due to delay in completion of the under-construction HAM projects, propensity to support these SPVs to meet the shortfall during their initial phase has increased. SIPL had also availed bridge loan for meeting its interim working capital requirement, debt servicing and equity infusion in HAM projects till receipt of stake sale proceeds, which it has repaid post receipt of stake sale proceeds. The equity commitments for these HAM projects (as stated above) and shortfall in two operational SPVs (not getting transferred) and some under construction HAM SPVs are expected to be fulfilled through the balance stake sale proceeds of ARRIL, internal accruals and up-streaming of cash flows from MBCNL. However, SIPL plans to terminate one of these three projects which mitigate this risk to an extent. As articulated by the management, the group also expects additional cash flows from receipt of arbitration awards from Dhule Palesner Tollway Ltd. [DPTL; rated CARE A (Under Credit watch with Positive Implications)] and Hyderabad-Yadgiri Tollway Pvt. Ltd. [HYTPL; rated CARE A (Under Credit watch with Positive Implications)] and receipt of compensation for toll exemption in ARRIL. Also, under the ROFO agreement with IndInfravit, the management expects monetization of four HAM SPVs once operational in FY21 and further monetization of two HAM SPVs once operational in FY22.

***Challenging environment for the construction industry:*** The construction sector is facing hurdles in fund raising due to delay in enhancement of working capital limits (including non-fund based limits), delay in financial closure and equity raising plans on account of challenging business environment for the sector and weakened financial health of the banking sector. The inherent risk involved in the construction industry including aggressive bidding, traffic risk, interest rate risk, volatile commodity prices and delay in project progress due to resistance towards land acquisition and regulatory clearances have collectively affected the credit profile of the developers in the past. Exposure to three toll based projects also heightened traffic risk in current scenario of Covid-19 pandemic. Pace of award for NHAI is expected to remain subdued which is also expected to impact pace of construction in the near term.

#### **Liquidity: Adequate**

***High working capital utilization due to stretched current assets; albeit expected to improve post stake sale in road SPVs:*** Stretched current assets primarily marked by high gross current asset days (around 400 days in 9MFY20, as against 263 days in FY19) and scheduled repayment obligations have resulted in moderation in liquidity indicators of Sadbhav group marked by higher reliance on working capital borrowing and moderate debt coverage indicators during FY19 and 9MFY20. Utilization of fund based limits continues to remain high at around ~95% for past twelve months ended January 2020. However, SEL has continued to reduce its reliance on outside consortium working capital borrowings during H1FY20 and 9MFY20, where it has reduced the same from around Rs.200 crore as on March 31, 2019 to around Rs.19 crore as on December 31, 2019. However, SIPL has received Rs.1,459 crore in cash as stake sale proceeds from which the group has generated a cash surplus of around Rs.60-70 crore, which along with the balance stake sale proceeds of ARRIL and additional expected future cash flows are expected to be utilised for meeting its repayment obligations and equity commitments and shortfalls. SIPL shall also derive financial flexibility from the listed InvIT units of IndInfravit of Rs.724 crore.

#### **Analytical approach: Guarantors' Assessment, SEL**

CARE has analyzed SIPL's credit profile by considering credit enhancement in the form of unconditional and irrevocable corporate guarantee extended by SEL for NCDs of SIPL.

CARE has taken a combined view of SEL (standalone) and SIPL (standalone) for analytical purpose. This is because majority of the long-term debt raised in SIPL is backed by unconditional and irrevocable corporate guarantee of SEL. Further, SEL and SIPL have operational and financial linkages for funding investment in new projects, bridging of shortfall in select SPVs as well as up-streaming of cash flow of SPVs.

### Applicable Criteria

[Criteria on assigning 'Outlook' and 'Credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria of Rating Credit Enhanced Debt](#)

[Rating Methodology – Consolidation and Factoring Linkages in Ratings](#)

[Rating Methodology - Infrastructure Sector Ratings](#)

[Financial Ratios – Non-Financial Sector](#)

### About the Company - SIPL

SEL had floated a 100% subsidiary, SIPL, in January 2007, as a holding company for its BOT projects. During FY11, SEL diluted 22.22% of its stake through issue of fresh equity of Rs.300 crore and compulsory convertible cumulative preference shares (CCCPS) of Rs.100 crore to private equity (PE) investors. Proceeds of PE were utilized by SIPL for fulfilling its equity commitment in BOT projects. During September 2015, SIPL raised Rs.425 crore through Initial Public Offer (IPO) of its equity shares.

On July 1, 2019, SIPL has announced that they have executed Share Purchase Agreements with IndInfravit Trust (IndInfravit) for selling their entire equity stake in their nine operational BOT SPVs (seven toll and two annuity based projects). The transaction has been executed considering enterprise value of Rs.6,610 crore. Total sale consideration for the transaction is Rs.2,550 crore, out of which partial consideration would be received by SIPL in the form of units equivalent to 10% stake in IndInfravit having estimated value of Rs.650 crore and the balance amount of Rs.1,900 crore in cash. Further, as per stock exchange announcement dated October 19, 2019, SIPL would be merged with SEL with effect from April 1, 2019 subject to various statutory and regulatory approvals including approval of National Company Law Tribunal (NCLT). In consideration of the merger, SEL shall issue one equity share of SEL against three equity shares of SIPL to every shareholder of SIPL.

**Covenants of rated instruments:** Detailed explanation of covenants of the rated instruments is given in **Annexure-3**

(Rs. Crore)

Brief Financials – SIPL (Standalone)	FY18 (A)	FY19 (A)
Total Operating Income	384	356
PBILDT	268	271
PAT	68	57
Overall Gearing	0.95	1.08
Interest Coverage (times)	1.64	1.55

A: Audited

### About the Guarantor - SEL

Incorporated in 1988, SEL has evolved as one of the prominent developers and EPC contractors in India. SEL had floated a wholly-owned subsidiary – SIPL as a holding company of BOT projects in 2007. Sadbhav Group has a portfolio of 25 BOT projects (eleven operational, one partly operational and thirteen under construction HAM projects). SEL operates majorly across four distinct business areas in the infrastructure sector viz. EPC of its own BOT road projects, cash contract-based road and metro rail EPC projects, irrigation and mining. During FY19, these segments contributed 23%, 69%, 4% and 4%, respectively, in SEL's contract receipts booked on a standalone basis.

(Rs. Crore)

Brief Financials – SEL (Standalone)	FY18 (A)	FY19 (A)
Total operating income (TOI)	3,534	3,650
PBILDT	445	528
PAT	221	187
Overall gearing (times)	0.80	0.73
Interest coverage (times)	2.33	3.02

A: Audited;

(Rs. Crore)

Brief Financials – Sadbhav Group#	FY18	FY19
TOI	3,862	3,945
PBILDT	657	739
PAT	288	243
Overall gearing (times)	0.83	0.83
Interest coverage (times)	2.20	2.55

# combining SEL (standalone) and Sadbhav Infrastructure Project Limited (SIPL; standalone) financials

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure – 2

**Annexure-1: Details of Instruments**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures-II	INE764L07082	January 09, 2015	11.75%	April 13, 2020	19.95	CARE A- (CE); Stable
Debentures-Non Convertible Debentures-III	INE764L07116, INE764L07124, INE764L07132, INE764L07140, INE764L07157, INE764L07165	September 21, 2016	10.30%	April 26, 2022	189.30	CARE A- (CE); Stable
Debentures-Non Convertible Debentures-IV	INE764L07173	April 23, 2018	10.20%	April 23, 2023	102.00	CARE A- (CE); Stable
Debentures-Non Convertible Debentures-V	INE764L07181	June 06, 2018	10.20%	June 06, 2023	127.40	CARE A- (CE); Stable

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Bonds	LT	-	-	-	1)Withdrawn (18-Sep-18)	1)CARE A+ (SO); Stable (08-Jan-18)	1)CARE A+ (SO) (14-Oct-16)
2.	Debentures-Non Convertible Debentures- I	LT	-	-	1)Withdrawn (07-Jan-20) 2)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 3)CARE A (CE) (Under Credit watch with Developing Implications) (10-Jul-19)	1)CARE A (SO); Stable (20-Feb-19) 2)CARE A+ (SO); Stable (18-Sep-18)	1)CARE A+ (SO); Stable (08-Jan-18)	1)CARE A+ (SO) (14-Oct-16)
3.	Debentures-Non Convertible Debentures- II	LT	19.95	CARE A- (CE); Stable	1)CARE A (CE) (Under Credit watch with Developing Implications) (07-Jan-20) 1)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 2)CARE A (CE) (Under Credit watch with Developing Implications) (10-Jul-19)	1)CARE A (SO); Stable (20-Feb-19) 2)CARE A+ (SO); Stable (18-Sep-18)	1)CARE A+ (SO); Stable (08-Jan-18)	1)CARE A+ (SO) (14-Oct-16)
4.	Debentures-Non Convertible Debentures - III	LT	189.30	CARE A- (CE); Stable	1)CARE A (CE) (Under Credit watch with Developing Implications) (07-Jan-20) 2)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 3)CARE A (CE) (Under Credit watch with Developing Implications)	1)CARE A (SO); Stable (20-Feb-19) 2)CARE A+ (SO); Stable (18-Sep-18)	1)CARE A+ (SO); Stable (08-Jan-18)	1)CARE A+ (SO) (14-Oct-16)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
					(10-Jul-19)			
5.	Fund-based/Non-fund-based-LT/ST	LT/ST	400.00	CARE A-; Stable / CARE A2+	1)CARE A- / CARE A2+ (Under Credit watch with Developing Implications) (07-Jan-20) 2)CARE A- / CARE A2+ (Under Credit watch with Developing Implications) (30-Oct-19) 3)CARE A- / CARE A2+ (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A- / CARE A2+ (Under Credit watch with Developing Implications) (10-Jul-19) 5)CARE A-; Stable / CARE A2+ (04-Apr-19)	-	1)CARE A-; Stable / CARE A2+ (28-Nov-17)	-
6.	Debentures-Non Convertible Debentures- IV	LT	102.00	CARE A- (CE); Stable	1) CARE A (CE) (Under Credit watch with Developing Implications) (07-Jan-20) 2)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 3)CARE A (CE) (Under Credit watch with Developing Implications) (10-Jul-19)	1)CARE A (SO); Stable (20-Mar-19) 2)CARE A+ (SO); Stable (18-Sep-18) 3)Provisional CARE A+ (SO); Stable (16-Apr-18)	-	-
7.	Debentures-Non Convertible	LT	127.40	CARE A-(CE); Stable	1) CARE A (CE) (Under Credit	1)CARE A (SO); Stable	-	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
	Debentures- V				watch with Developing Implications) (07-Jan-20) 2)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 3)CARE A (CE) (Under Credit watch with Developing Implications) (10-Jul-19)	(20-Mar-19) 2)CARE A+ (SO); Stable (18-Sep-18) 3)Provisional CARE A+ (SO); Stable (16-Apr-18)		

**Annexure-3: Detailed explanation of covenants of the rated instruments**

Name of the Instrument – Non Convertible Debentures	Detailed explanation
<b>A. Financial covenants</b>	
1. SIPL's Total Debt/ Equity not exceeding 0.8 times	All financial covenants are met.
2. SIPL's Total Debt not to exceed Rs.1,000 crore	
3.SEL's Total Debt/Equity not to exceed 1.25 times	
4. No loss on PAT basis in SEL on an annual basis	
5. SEL's Total Debt / EBITDA not to exceed 3.5 times	
<b>B. Non-financial covenants</b>	
1.Unconditional and irrevocable corporate guarantee from SEL	SEL has provided unconditional and irrevocable corporate guarantee for NCDs of SIPL.
2.Early redemption in case of downgrade of existing rating by two or more notches by any rating agency (i.e., to BBB+)	
3. Option of step-up of coupon rate in case of downgrade of external credit rating to A- for balance period	
4. SIPL/SEL's networth to remain positive during tenor of issue	
5. Prior approval of investor for any transaction of merger, de-merger, consolidation, re-organization or scheme of arrangement, etc.	
6. Not to undertake any new business if equity commitment for single project is more than Rs.500 crore	
7. Prescribed cash flow to be followed in case of stake sale in step-down subsidiaries	

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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