

# 13<sup>th</sup> Annual Report 2018-19

**Sadbhav Infrastructure  
Project Limited**

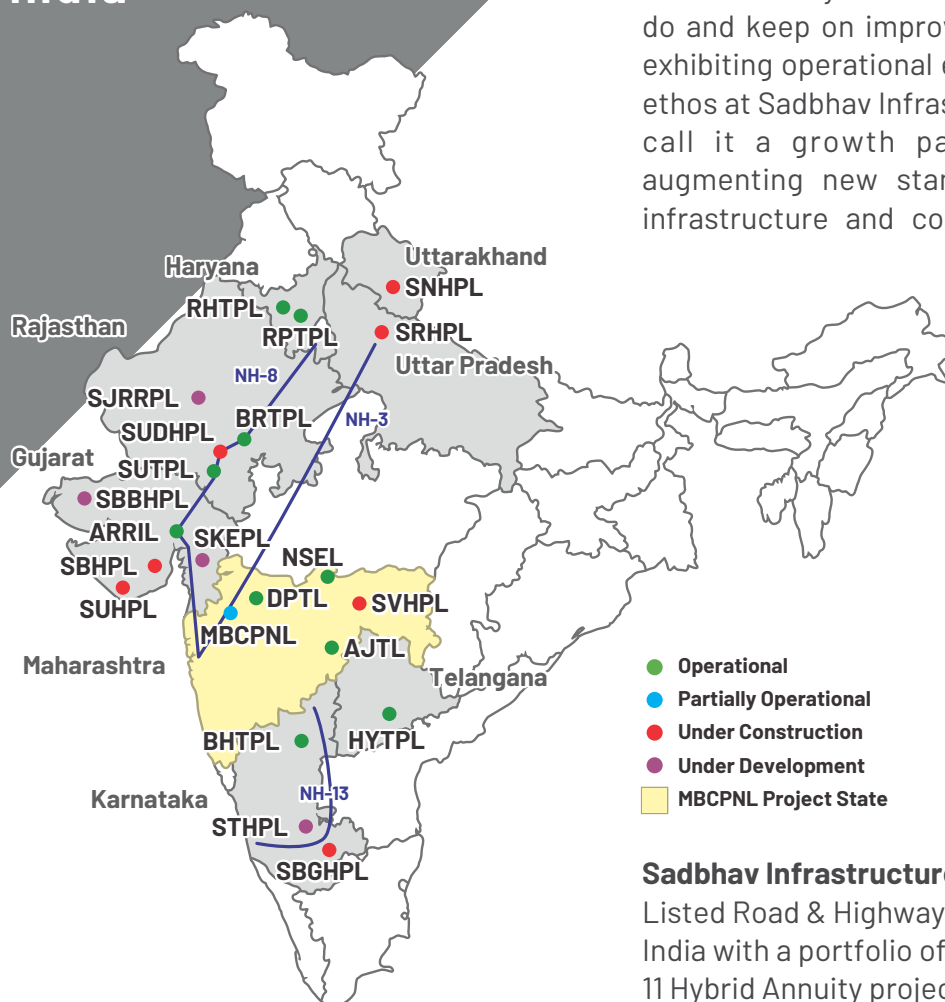
Serving Infrastructure  
Excellence to New India



# Contents

Serving Infrastructure Excellence to New India	03
Corporate Information	06
Message from Chairman	08
Message from Managing Director	10
Financial Highlights	12
Notice	13
Directors' Report	25
Report on Corporate Governance	54
Management Discussion & Analysis	70
Independent Auditor's Report	74
Financial Statements	82
Consolidated Financial Statements	127
Attendance Slip & Proxy form	195

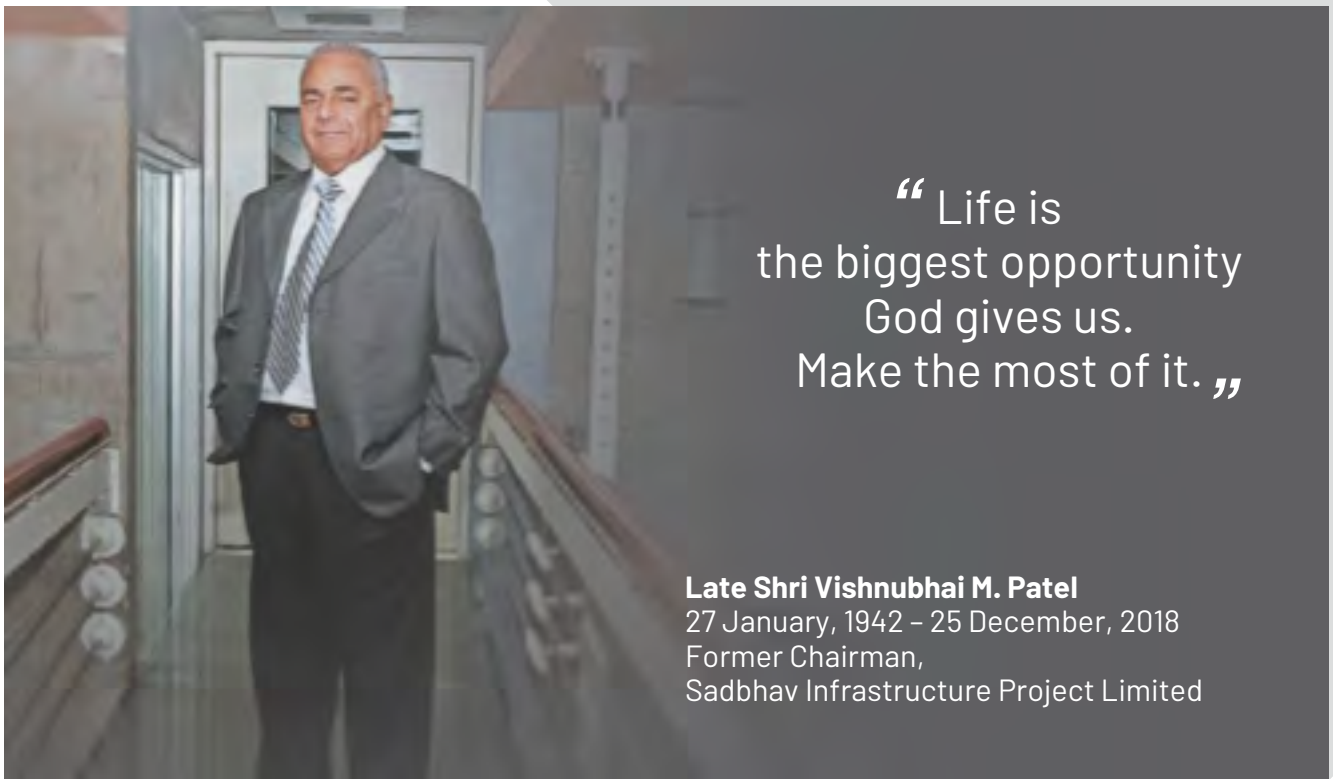
## India



Transcend beyond the set benchmarks in all that we do and keep on improving in all our endeavours by exhibiting operational excellence is intrinsic to core ethos at Sadbhav Infrastructure Project Limited. We call it a growth paradigm and we keep on augmenting new standards in serving country's infrastructure and contribute to India's vision of building robust infrastructure to fuel sound economic growth. Despite challenging business environment, SIPL has sustained its progress on the upward growth trajectory envisaged by its leadership.

### Sadbhav Infrastructure Project Limited

Listed Road & Highways BOT Company in India with a portfolio of 11 BOT projects and 11 Hybrid Annuity projects



“ Life is  
the biggest opportunity  
God gives us.  
Make the most of it. ”

**Late Shri Vishnubhai M. Patel**

27 January, 1942 – 25 December, 2018

Former Chairman,

Sadbhav Infrastructure Project Limited

Late Shri Vishnubhai Patel, our beloved mentor, was the founder promoter of Sadbhav Engineering Ltd., one of the renowned infrastructure companies of India. He was a born leader and a true visionary. A self-motivated man with unending determination to dream and transform it into reality. He was also a very affectionate person who loved and cared about his Sadbhav family and communities that he worked for.

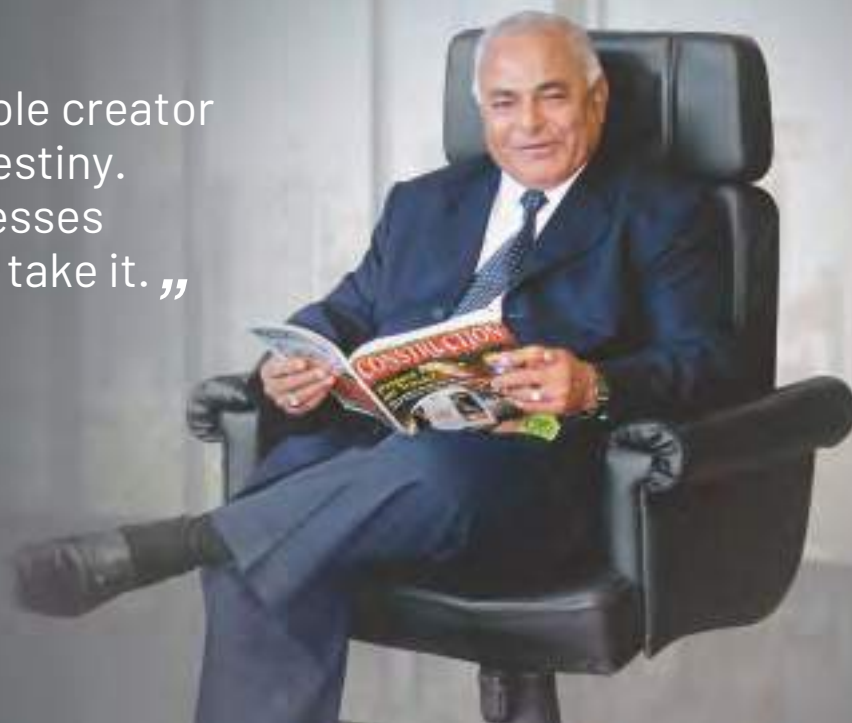
Late Shri Vishnubhai had a humble beginning, but with his foresightedness and persistence, he laid the foundation of a world-class infrastructure company. He was a staunch believer of “There is no alternative to hard work” and had always worked towards it. In the year 1988, Sadbhav Engineering Ltd. (SEL) was incorporated and since then Late Shri Vishnubhai was the promoter of the group. Under his excellent supervision, Sadbhav Group

had successfully completed various projects of national significance in the sectors of Roads & Highways, Mining and Irrigation supporting infrastructure. SEL had successfully completed various canal works for one of the largest irrigation projects in the world viz. Sardar Sarovar Narmada Project. SEL had also incorporated Sadbhav Infrastructure Project Limited (SIPL), as a subsidiary, back in 2007 as an asset holding company for Road & Other Infrastructure BOT Projects and for development of roads and highways.

He believed in giving quality work and had never compromised on quality in any of the executed projects and provided utmost satisfaction to all the stakeholders. He was always ready to adapt to changes. Under his able leadership the organisation upgraded project management and engineering capabilities of Sadbhav Group with global technologies & equipments to offer best



“You are the sole creator  
of your destiny.  
It progresses  
where you take it.”



solutions to client with reduced cost, improved operational efficiency and delivery of projects within stipulated timeline. In 2016, he decided for digital transformation of operations of the company by implementing prestigious SAP S/4 HANA - the next generation business suite that offers massive simplifications -customer adoption, data model, user experience, decision making, business processes, and models. Sadbhav became one of the 10 companies in India to implement SAP S/4 HANA during that period.

Late Shri Vishnubhai was a luminary who tended both business and social welfare equally. He is revered today for his outstanding contribution to build Lions Karnavati Shantaben Vishnubhai Patel Eye Hospital at Ognaj, Ahmedabad. The hospital has performed more than 1,70,000 cataract operations for free of cost, since its inception in 1992. Being a noble corporate

citizen, he also founded M.B Patel Sarvajanik Hospital, a multi-specialty hospital in his village - Mota Isanpur, Dist. Gandhinagar. People from nearby towns and villages have benefited by his intervention as they have got affordable healthcare at their doorsteps. He had a very high regard for his village and always worked towards its progress.

He was a simple man with great deeds. Shri Vishnubhai has been our inspiration and strength and will always guide us to the righteous path.

We at SIPL are geared up to work towards the vision and path showed by Late Shri Vishnubhai Patel.

# Serving Infrastructure Excellence to New India

Focussed investment strategy has led to sustainable development of the Company. Nine out of eleven operational assets have generated cash profits during FY19. Company is one of the frontrunner in bagging HAM assets from NHAI. Company has entered into a landmark transaction with Indinfravit for sale of stake in 9<sup>1</sup> operational road projects for an Enterprise Value of ₹ 66112 million which includes Equity Value<sup>2</sup> of ₹ 25462 million as against equity invested (including sub-debt) of ₹ 14940 million.

1. MBHPL is currently held by Sadbhav Engineering Limited (SEL), SIPL's parent company

2. Includes value for 23% stake of minority shareholder in BHTPL (approx. INR 700 million).

## The Road So Far

### Sustained Growth in Asset Base

Consistent Asset Addition to Portfolio Indicating a Strong Operational and Executional Capability

Annual Addition of Operational Assets										MBHPL <sup>3</sup>	MBHPL <sup>3</sup>
								RHTPL	RHTPL	RHTPL	
								BRTPL	BRTPL	BRTPL	
							SUTPL	SUTPL	SUTPL	SUTPL	
						RPTPL	RPTPL	RPTPL	RPTPL	RPTPL	
					MBCPNL <sup>2</sup>	MBCPNL <sup>2</sup>	MBCPNL <sup>2</sup>	MBCPNL <sup>2</sup>	MBCPNL <sup>2</sup>	MBCPNL <sup>2</sup>	
				BHTPL	BHTPL	BHTPL	BHTPL	BHTPL	BHTPL	BHTPL	
				HYTPL	HYTPL	HYTPL	HYTPL	HYTPL	HYTPL	HYTPL	
			DPTL	DPTL	DPTL	DPTL	DPTL	DPTL	DPTL	DPTL	
		NSEL	NSEL	NSEL	NSEL	NSEL	NSEL	NSEL	NSEL	NSEL	
	AJTL	AJTL	AJTL	AJTL	AJTL	AJTL	AJTL	AJTL	AJTL	AJTL	
	ARRIL	ARRIL	ARRIL	ARRIL	ARRIL	ARRIL	ARRIL	ARRIL	ARRIL	ARRIL	
	FY 09	FY 10 <sup>1</sup>	FY 11	FY 12	FY 13	FY 14	FY 16	FY 17	FY 18	FY 19	
OPERATIONAL	Operational Assets	1	2	3	4	6	8	9	11	12	
	Lane km	305	569	680	1,035	1,566	1,890	2,207	2,951	3,338	
	Project Cost (in INR Bn)	5	8	12	26	45	71	82	102	110	

#### Notes

1. The company had divested its stake in Mumbai Nasik Expressway Limited (MNEL) in FY16. The same has not been included above.
2. MBCPNL had 6, 9, 13, 16 and 18 check posts operational in FY14, FY15, FY16, FY17 and FY18 respectively.
3. Stake in MBHPL is currently owned by SEL.



## Operating Assets to be sold

(₹ in Million)

Particulars	ARRIL	AJTL	NSEL	HYTPL
Current Stake	99.99%	99.99%	99.99%	99.99%
Project Type	Toll	Toll	Annuity	Toll
State	Gujarat	Maharashtra	Maha/MP	Telangana
Client	AUDA	Govt. of Maharashtra	NHAI	NHAI
Lane kms	305.4	263.2	110.9	142.6
Concession Start	6-Dec	7-Feb	7-Nov	10-Jul
Original Concession (yrs)	20 Y	23 Y 6 M	20 Y	23 Y
PCOD/COD	8-May	9-Jul	10-May	12-Dec
Residual Life (Yrs/Months)	7 Y 9 M	11 Y 4 M	8 Y 8 M	14 Y 4 M
Revenue Sharing	Grant	N.A.	N.A.	Premium
Project Cost	5,435.10	2,724.00	3,747.90	4,947.10
Total Equity + Subdebt of SIPL	1,036.80	1,117.70	435.1	1,190.50
Debt as on 31.03.2019	2,024.10	2,176.90	1,604.00	3,693.70
Particulars	BHTPL	SUTPL	BRTPL	DPTL
Current Stake	76.99% <sup>(1)</sup>	99.99%	99.99%	99.99%
Project Type	Toll	Toll	Toll	Toll
State	Karnataka	Rajasthan	Rajasthan	Maharashtra
Client	NHAI	NHAI	NHAI	NHAI
Lane km	388.9	317.2	349	355.2
Concession Start	10-Sep	13-Apr	13-Oct	9-Dec
Original Concession (yrs)	20 Y	27 Y	30 Y	18 Y
PCOD/COD	12-Apr	15-Dec	16-Jun	12-Jan
Residual Life (Yrs/Months)	11 Y 5 M	21 Y 0 M	24 Y 6 M	8 Y 9 M
Revenue Sharing	Grant	Premium	Grant	Premium
Project Cost	13,688.70	11,514.60	6,761.00	14,200.00
Total Equity + Subdebt of SIPL	1,398.00	3,114.60	1,333.00	3,823.80
Debt as on 31.03.2019	7,933.10	8,331.10	2,718.50	10,201.40

## Operating Assets to be continued

Particulars	RHTPL	RPTPL	MBCPNL
Current Stake	99.99%	99.99%	97.00%
Project Type	Toll	Toll	Service Fee
State	Haryana	Haryana	Maharashtra
Client	NHAI	NHAI	Govt. of Maha.
Lane kms	395.2	323.4	22 Border CPs
Concession Start	13-Dec	11-Apr	Diff. for all CPs
Original Concession (yrs)	22 Y	25 Y	24 Y 6 M
PCOD	16-Jul	14-Jan	Diff. for all CPs
Residual Life (Yrs/Months)	16 Y 9 M	17 Y 0 M	14 Y 7 M
Revenue Sharing	Grant	Premium	N.A
Project Cost	12,715.80	11,610.20	14,263.50
Total Equity + Subdebt of SIPL	1,100.80	2,426.80	4,926.90
Debt as on 31.03.2019	9,416.60	9323.1	11,420.90

# 11 HAM projects

(₹ in Million)

Particulars	SRHPL	SNHPL	SBHPL	SUHPL	SBGHPL
Current Stake	99.99%	99.99%	99.99%	99.99%	99.99%
Project Type (Pavement)	HAM (Rigid)	HAM (Rigid)	HAM (Rigid)	HAM (Rigid)	HAM (Flexible)
State	Uttar Pradesh	Uttarakhand	Gujarat	Gujarat	Karnataka
Client	NHAI	NHAI	NHAI	NHAI	NHAI
Lane kms	173.8	199.1	192.2	163.8	408.8
Concession Start	17-Mar	17-Oct	17-Feb	17-Feb	17-Aug
Original Concession (yrs)	17 Y	17 Y	17 Y 6 M	17 Y 6 M	17 Y
Total Project Cost	7,380.00	6,570.00	8,190.00	6,230.00	10,080.00
Total Equity + Subdebt of SIPL to be invested	885.6	788.4	982.8	747.6	1,209.60
Equity + Subdebt already infused upto 31.03.2019	643.3	461	546.4	284.5	948.2
Debt to be drawn down	3,542.40	3,153.60	3,931.20	2,990.40	4,838.40
Debt as on 31.03.2019	1,551.00	746.9	2,703.80	1,572.70	3,447.80

Particulars	SUDHPL	SVHPL	SJRRPL	SBBHPL	SKEPL	STHPL
Current Stake	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
Project Type (Pavement)	HAM (Rigid)	HAM (Rigid)	HAM (Rigid)	HAM(Flexible)	HAM (Rigid)	HAM (Rigid)
State	Rajasthan	Maharashtra	Rajasthan	Gujarat	Gujarat	Karnataka
Client	NHAI	NHAI	NHAI	NHAI	NHAI	NHAI
Lane kms	143.3	267.5	447.7	238.2	196.6	194.1
Concession Start	17-Nov	18-May	18-Dec	Yet to start	Yet to start	Yet to start
Original Concession (yrs)	17 Y	17 Y 6 M	17 Y	17 Y 6 M	17 Y	17 Y
Total Project Cost	8,910.00	10,710.00	11,610.00	11,520.00	14,040.00	10,008.00
Total Equity + Subdebt of SIPL to be invested	1,076.00	1,290.00	1,327.20	1,466.00	1,824.00	1,748.00
Equity + Subdebt already infused upto 31.03.2019	648.2	488.2	228	55.8	5.6	0.5
Debt to be drawn down	4,270.00	5,140.00	5,308.80	4,846.00	6,600.00	4,300.00
Debt as on 31.03.2019	2,490.00	1,580.00	-	-	-	-

## SIPL Asset Overview

### Transaction Assets

9 Projects <sup>(1)</sup> (7 Toll + 2 Annuity)	751 km ( c. 2,619 lane km)	INR 9.1 Bn FY19 Revenue	INR 7.9 Bn FY19 Cash EBITDA	INR 66.1 Bn <sup>(2,3)</sup> Enterprise Value	INR 25.5 Bn <sup>(2,3)</sup> Equity Value
---	-------------------------------	----------------------------	--------------------------------	--	--

### Continuing Assets (3 Operational BOT Assets)

MBCPNL	RPTPL + RHTPL				
24 Check Posts	180 km	INR 4.1 Bn	INR 3.2 Bn	INR 30.2 Bn	INR 8.4 Bn
Balance Concession:	(719 lane km)	FY19 Revenue	FY19 Cash EBITDA	FY19 Debt	FY19 Equity invested
14.4 Years	16.6 Years				

### Continuing Assets (11 HAM Assets)

651 km (c. 2,625 lane km)	INR 105 Bn Project Cost	c. INR 4.3 Bn FY19 Equity Invested	8 projects under-construction	Balance 3 projects achieved FC
------------------------------	----------------------------	---------------------------------------	----------------------------------	-----------------------------------

Spread across Gujarat, Maharashtra, Rajasthan, Karnataka, Andhra Pradesh, Uttar Pradesh and Uttarakhand

#### Notes

1. MBHPL is currently held by Sadbhav Engineering Limited, SIPL's parent company
2. includes value for 23% stake of minority shareholder in BHTPL (INR 0.7 Bn) and shareholder loans
3. Subject to certain adjustments in accordance with definitive agreements.



# Corporate Information

## Board Of Directors



**Mr. Shashin V. Patel**  
Chairman &  
Non-Executive Director



**Mr. Vasistha C. Patel**  
Managing Director



**Mr. Nitin R. Patel**  
Non-Executive Director



**Mr. Sandip V. Patel**  
Independent Director



**Mr. Atul N. Ruparel**  
Independent Director



**Mr. Arun S. Patel**  
Independent Director



**Mr. Mirat N. Bhadlawala**  
Independent Director



**Mrs. Daksha N. Shah**  
Independent Director

## BOARD COMMITTEES

### Audit Committee

**Mr. Sandip V. Patel**

Chairman

**Mr. Arun S. Patel**

Member

**Mr. Nitin R. Patel**

Member

### Nomination and Remuneration Committee

**Mr. Atul N. Ruparel**

Chairman

**Mr. Mirat N. Bhadlawala**

Member

**Mr. Shashin V. Patel**

Member

### Stakeholders Relationship Committee

**Mr. Nitin R. Patel**

Chairman

**Mr. Vasistha C. Patel**

Member

**Mr. Arun S. Patel**

Member

**Mr. Sandip V. Patel**

Member

### Finance and Investment Committee

**Mr. Shashin V. Patel**

Chairman

**Mr. Vasistha C. Patel**

Member

**Mr. Nitin R. Patel**

Member

**Mr. Arun S. Patel**

Member

### Corporate Social Responsibility Committee

**Mr. Vasistha C. Patel**

Chairman

**Mr. Nitin R. Patel**

Member

**Mr. Sandip V. Patel**

Member

**Mr. Atul N. Ruparel**

Member

## BANKERS

IDBI Bank

Union Bank of India

## COMPANY SECRETARY

**Mr. Hardik Modi**

## CHIEF FINANCIAL OFFICER

**Mr. Varun Mehta**

## STATUTORY AUDITORS

**M/s. S G D G & Associates LLP**

**M/s. S R B C & Co. LLP**

## REGISTERED OFFICE

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

Web: [www.sadbhavinfra.co.in](http://www.sadbhavinfra.co.in)

**CIN:** L45202GJ2007PLC049808

## CORPORATE OFFICE

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

## REGISTRAR & TRANSFER AGENTS

M/s. Link Intime India Pvt. Ltd.  
C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai -  
400083.





“Challenges are the opportunities to transform the uncharted terrains into the sustainable infrastructure that would provide a strong foundation for the future growth.”

## Message From Chairman

Dear Stakeholders,

Sadbhav Infrastructure Project Limited (SIPL), a subsidiary of Sadbhav Engineering Limited (SEL) has been thriving upon its competencies gained over the years since its inception. SIPL has been one of the key contributors in infrastructure sector, dedicated for the nation building and playing an important role in the development, operation and maintenance of highways, roads and other service infrastructure. SIPL is on the verge of completion of entire lifecycle (i.e. Bidding, Financial Closure, Construction, Toll Collection, O&M, Refinancing and selling of stake) of road projects by selling stake in 9 operational assets (MBHPL is currently held by Sadbhav Engineering Limited, SIPL's parent company). Company shall follow the strategy of churning of the assets once the projects have reached mature stage. Economic environment has changed in last year due to various setbacks in the country however your Company has withstand all those hurdles and has emerged much stronger.

SIPL is a listed Company undertaking Built, Operate and Transfer (BOT) Projects in Road and Highways Sector. SIPL has a sound portfolio of 22 projects that consists of 10 BOT (Toll) projects (9 are operational and 1 is partially operational), 1 operational BOT (Annuity) project and 11 Hybrid Annuity Mode (HAM) under construction projects. Total project cost involving the projects (including under construction) is approximately INR 206 Billions. Nine out of 11 operational projects have received credit rating of A- or above.