

Message from Chairman

Dear Stakeholders,

Sadbhav Engineering Limited (SEL) is not just an organisation but a process, by which dreams became realities and experienced visions became dynamic achievements. True to Gordon Hinckley's wise words, Sadbhav believes in hard labour to prosper as one of the most trusted names in infrastructure. With a presence in 14 different states and multitude of aspects in Engineering, Procurement and Construction (EPC) business for Transport, Mining, and Irrigation sectors in India; over past 29 years, SEL has widespread its reach and also expertise itself with the complexity of engineering work. In last year, your Company has also received an appreciation letter from National Highway Authority of India (NHAI) for its pace of work in India's first smart expressway project i.e. Eastern Peripheral Expressway project. We are proud to be associated with this landmark project of India. These achievements have formed a part of a holistic combination of dynamic growth structure and active responsibility towards our commitment to the society and environment. Your company, since its inception has maintained an honest principle of sharing its success with all its contributors.



“ A project is complete when it starts working for you, rather than you working for it. ”

– Scott Allen

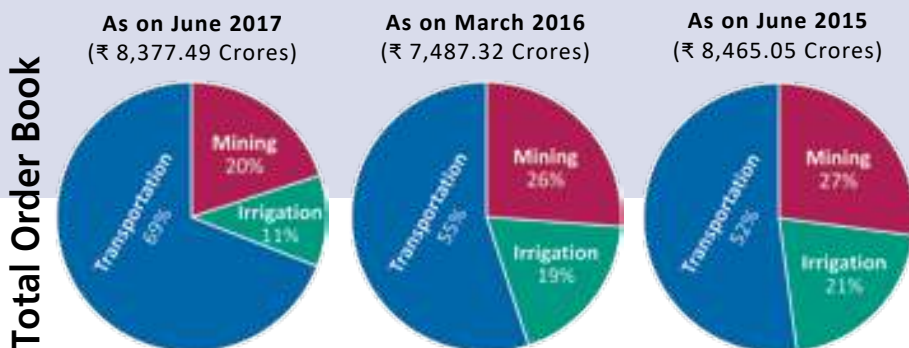
It, therefore, gives me an immense pleasure to present to you the financial report of Sadbhav, for the year 2016-2017. Infrastructure has been garnered as one of the key focus areas with augmentation of policies such as 'Swadeshi' or Make in India. This has furthered the developmental revolution with massive indulgence of global markets in engineered constructions. Therefore, such opportunities have propelled our presence and reflected on the order book of your company Spread as a network, channelized into accentuating each and every stem, Your Company has created new opportunities for itself while retaining its quality in work and delivering an outstanding result.

The dedication and focus towards reaching greater heights has profited your company since its inception to satiate every contributor by paying regular dividends over the last 15 years. Your Company has come a long way from its initial listing of equity shares on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in 2006 with a market capital of ₹ 201.60 crores to a market capital of ₹ 5236.34 crores as on March 31, 2017. Between 2006 and 2017, Net revenue of your

company has increased at a CAGR of 25% p.a., Net profit has increased at a CAGR of 27% p.a., Project Costs of BOT assets have increased at a CAGR of 32% p.a. and market cap has increased at a CAGR of 34% p.a. during the same period. With focus of Government of India on infrastructure projects, your company is poised to achieve far greater success than already achieved in past.

With a well diversified and healthy balance order book of ₹ 7683.42 crores (excluding L1 of ₹ 1575.00 crores) as on March 31, 2017 which translates to order book to sales ratio of 2.37x; your Company is poised to grow it further with having prequalification for project costs of upto ₹ 2374.4 crores in NHAI EPC projects.

During 2016-17, Transport segment contributed 76% of revenues, which includes the construction; upgradation of roads and highways; construction of metro projects; and much more. Your Company, till date, has constructed over 7,551 lane kilometres. With a captivating balance order book status of ₹ 4996.89 crores (excluding L1 of ₹ 1575.00 crores), I am confident that growth for next few years shall be driven by the roads



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and highways segment. Irrigation segment has a balance order book of ₹ 989.94 crores as on 31st March, 2017, translating to 2.2x of FY17's irrigation revenue with the projects under canal construction work it reached over 656 kilometers. Projects pertaining to excavation of over 501 mn cubic meters and balance work order for mining segment of Sadbhav stands at ₹ 1696.60 crores, translating to 5.3x of the revenue.

Strong in-house integrated execution capabilities with highly qualified human resource and state-of-the art equipments made gross block of fixed assets stand at ₹ 675.85 crores as on March 31, 2017. A diversified and dynamic approach towards all our contracts and projects has created value addition to important portfolios along with the enhancement in returns of the previously held projects.

With all these, I am proud to say that despite various challenges in the sector over last 10 years, your company has successfully completed construction of all 11 BOT assets in first set of the portfolio. For 12th BOT assets, MBHPL has already applied for CoD certificate. With this experience, we are confident to achieve completion of the

7 under-construction HAM projects also within the schedule timelines. SIPL, our subsidiary has won highest number of HAM projects till date from NHA. Also, SIPL has been able to achieve financial closure of 5 projects and financial closure for balance 2 projects is in progress and shall be achieved before the scheduled date. Cashflow position of SIPL has improved substantially in 2016-17 as compared to 2015-16 due to completion of refinancing of debt in various SPVs although the impact of demonetisation was felt on the traffic volumes from December-16 to March-17.

Travailing to obtain success, as an unmitigated result, is achieved when passions and skills are engaged with excellence in managerial abilities. This conflation of our Engineering and Management staff has brought us to the stature a perpetual stream of achievements which flow in tranquillity of satisfaction from advocating highest levels of transparency, accountability and equity, in all facets of its operations. A great synchronization between the organization and individuals, in terms of interaction, realized into attainment of growth in heaps and bounds.

C A G R
(Compounding Annual Growth Return)
2006-17

Net Revenue
~25%

Net Profit
~27%

Order Book
~17%

“While technology is important, it’s what we do with it that truly matters.”

– Muhammad Yunus



Essential element of conviction, commitment, and credibility present in our organizational structure form an integral for delivering better outcomes: mapping those uncharted routes where many ventured, but Sadbhav attained. Thereby, I take this opportunity to thank each and every stakeholder of Sadbhav Engineering Limited who plays an important role in spreading our roots to shape the nation of tomorrow and by tomorrow. We also uphold our appreciation for our customers, shareholders, lenders and vendors for joining us in this continuous effort to diversify and succeed. Hence, on your as well as on behalf of the Board of Directors, I congratulate a congenial support extended by the employees of Sadbhav Engineering to unveil yet another copious display of spectacular performance. I encourage them to keep building trust in the capabilities of one-self and the team. I would like to thank you all for your constant and esteemed presence and congregated interest in the Company.

Regards,

A handwritten signature in blue ink that reads "S V Patel".

Shashin V. Patel

