



Diaphragm wall



Nallah Bridge Anand Vihar



Lebad-Manpur Section (SH-31) BOT Road Project



▲ Lebad-Manpur Section (SH-31) BOT Road



▲ IOCL Refinery Paradip, Orissa.



▲ Bored Pile Installation at Dubai.



▲ Concreting work at IOCL Refinery Paradip, Orissa.



▲ Salient Feature Dwarka Underpass



▲ Neelah Hauj

**Board of Directors**

- Anil Harish — *Chairman*
- J. K. Valecha — *Managing Director*
- D. H. Valecha — *Whole-time Director*
- U. H. Valecha — *Whole-time Director*
- G. Ramachandran
- Arvind Thakkar

**Company Secretary**

Kavita Valecha Sharma

**Auditors:**

M/s. D. M. Jani & Co.  
Chartered Accountants

**Consortium Bankers:**

- State Bank of India
- Canara Bank
- Axis Bank Ltd.
- Standard Chartered Bank

**Solicitors:**

- M/s. Bharucha & Partners
- M/s. Kirit Damania & Co.
- M/s. Luthra & Luthra

**Registrars and Transfer Agents:**

TSR Darashaw Limited  
6-10 Haji Moosa Patrawala Ind. Estate  
20, Dr. E. Moses Road,  
Mahalaxmi,  
Mumbai-400 011.  
Tel. : 66568484  
Fax : 66568494

**Registered Office:**

“Valecha Chambers”, 4th Floor,  
Andheri New Link Road,  
Andheri (West), Mumbai-400 053.  
Tel. : 2673 3625 to 29  
Fax : 2673 3945  
E-mail: [ho@valecha.in/investor.relations@valecha.in](mailto:ho@valecha.in/investor.relations@valecha.in)  
website: [www.valechaeng.com](http://www.valechaeng.com)

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## NOTICE

Notice is hereby given that the Thirty Fourth Annual General Meeting of the members of VALECHA ENGINEERING LIMITED will be held on Friday, 29th July, 2011 at 4.00 p.m. at Sunville Banquet Hall, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Audited Profit & Loss Account for the Financial year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in the place of Mr. G. Ramachandran who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Dinesh H. Valecha who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) or any re-enactments thereof, read with Schedule XIII to the Act and all guidelines for managerial remuneration issued by the Central Government from time to time, and the Articles of Association of the Company, and subject to such approvals/consents/sanctions/permissions as may be necessary, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Jagdish K. Valecha as Managing Director, for a period of two years w.e.f. 11th June, 2011, upon terms and conditions as set out in the explanatory statement annexed hereto, with the authority to the Board of Directors of the Company (‘the Board’) and the Remuneration Committee (‘the Committee’) to alter and vary the terms and conditions of the said re-appointment and/or agreement from time to time and in such manner as may be agreed to by the Board/Committee and Mr. Jagdish K. Valecha, but

so as not to exceed the limits specified in Schedule XIII to the Act or any amendment thereto or re-enactments thereof, with effect from such dates as may be decided by them.

RESOLVED FURTHER that in the event of absence or inadequacy of profit in any financial year, the remuneration payable to Mr. Jagdish K. Valecha shall be governed by Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

RESOLVED FURTHER that the Board/Committee be and is hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) or any re-enactments thereof, read with Schedule XIII to the Act and all guidelines for managerial remuneration issued by the Central Government from time to time, and the Articles of Association of the Company, and subject to such approvals/consents/sanctions/permissions as may be necessary, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Umesh H. Valecha as the Whole-Time Director, for a period of two years w.e.f. 1st July, 2011, upon terms and conditions as set out in the explanatory statement annexed hereto with the authority to the Board of Directors of the Company (‘the Board’) and the Remuneration Committee (‘the Committee’) to alter and vary the terms and conditions of the said re-appointment and/or agreement from time to time and in such manner as may be agreed to by the Board/Committee and Mr. Umesh H. Valecha, but so as not to exceed the limits specified in Schedule XIII to the Act or any amendment thereto or re-enactments thereof, with effect from such dates as may be decided by them.

RESOLVED FURTHER that in the event of absence or inadequacy of profit in any financial year, the remuneration payable to Mr. Umesh H. Valecha shall be governed by Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

RESOLVED FURTHER that the Board/Committee be and is hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) or any re-enactments thereof, read with schedule XIII to the Act and all guidelines for managerial remuneration issued by the Central Government from time to time, and the Articles of Association of the Company, and subject to such approvals/consents/sanctions/permissions as may be necessary, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Dinesh H. Valecha as the Whole-Time Director, for a period of two years w.e.f. 1st August, 2011, upon terms and conditions as set out in the explanatory statement annexed hereto with the authority to the Board of Directors of the Company (‘the Board’) and the Remuneration Committee (‘the Committee’) to alter and vary the terms and conditions of the said re-appointment and/or agreement from time to time and in such manner as may be agreed to by the Board/Committee and Mr. Dinesh H. Valecha, but so as not to exceed the limits specified in Schedule XIII to the Act or any amendment thereto or re-enactments thereof, with effect from such dates as may be decided by them.

RESOLVED FURTHER that in the event of absence or inadequacy of profit in any financial year, the remuneration payable to Mr. Dinesh H. Valecha shall be governed by Schedule XIII of the Companies Act, 1956, or any modification(s) thereto.

RESOLVED FURTHER that the Board/Committee be and is hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution.”

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

“RESOLVED THAT pursuant to Section 309 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to all permissions, sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded for the payment of Commission to the Director(s) of the Company who is/are neither in the Whole Time Employment nor Managing Director(s), of an amount not exceeding 1% of the net profits of the Company for a period of 5 years from the financial year commencing 1st April, 2011.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or Remuneration Committee constituted by the Board be and are hereby authorised to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

By order of the Board

Mumbai  
10th June, 2011

**KAVITA VALECHA SHARMA**  
*Company Secretary*

*Registered Office:*  
“Valecha Chambers”  
4th Floor, Plot No. B-6,  
Andheri New Link Road,  
Andheri (West),  
Mumbai-400 053.

**NOTES:**

- (A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

The instrument of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

- (B) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 22nd July, 2011 to Friday, 29th July, 2011 (both days inclusive).

- (C) The dividend declared at the meeting, will be made payable on or before 28th August, 2011 as applicable, in respect of shares held in physical form to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfer lodged with the Company on or before the end of business hours on Thursday, the 21st July, 2011 and in respect of shares held in the electronic form to those “Deemed Members” whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as on that date.

- (D) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto and including the financial year ended on 31st March, 2003 have been transferred to the Investor Education and Protection Fund of Central Government.

Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to Investors Education and Protection Fund (the Fund) set up by the Government of India and no payment shall be made in respect of any such claims by the fund. Members who have not yet encashed their dividend for the financial year ended 31st March, 2004 onwards are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year ended 31st March, 2004 is due for transfer, members are requested to make their claims before 14th August, 2011.

It may also be noted that once the unclaimed dividend is transferred to the credit of the said Fund, as above, no claim shall lie in respect thereof.

- (E) Members are requested to notify immediately any change in their address to the Company and details about their Bank Account Number, Name of the Bank, Bank's Branch name and address to enable the Company to draw dividend warrants payable accordingly. In respect of shares held in electronic form, the instruction regarding change of address should be given directly to the Depository Participants and the Company cannot entertain any such request directly from the shareholders.
- (F) Any member requiring further information as regards accounts at the meeting is requested to send queries in writing to the Company's Registered Office so as to reach on or before 22nd July, 2011 so that the information required can be made available at the meeting.

Mumbai  
10th June, 2011

By order of the Board  
**KAVITA VALECHA SHARMA**  
*Company Secretary*

## ANNEXURE TO NOTICE

### Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

#### Item Nos. 6, 7 & 8

The Board of Directors at its meeting held on 10th June, 2011 have re-appointed Mr. Jagdish K. Valecha as a Managing Director, Mr. Umesh H. Valecha and Mr. Dinesh H. Valecha as Whole Time Directors of the company. These reappointments are subject to approval of shareholders at this meeting.

The Principal terms and conditions of appointment are as under:

Name	Designation	Period of Appointment	Salary	Commission & Incentives
Mr. Jagdish K. Valecha	Managing Director	2 years w.e.f. 11th June, 2011	₹ 6,00,000/- per month	Commission and Incentives, if any, not exceeding the limit of 3% of net profit for the relevant year as stipulated in Section 198, 309 and Schedule XIII of the Companies Act, 1956 (the "Act").
Mr. Umesh H. Valecha	Whole time Director	2 years w.e.f. 1st July, 2011	₹ 3,50,000/- per month	Commission and Incentives, if any, not exceeding the limit of 3% of net profit for the relevant year as stipulated in Section 198, 309 and Schedule XIII of the Companies Act, 1956 (the "Act").
Mr. Dinesh H. Valecha	Whole time Director	2 years w.e.f. 1st August, 2011	₹ 3,50,000/- per month	Commission and Incentives, if any, not exceeding the limit of 3% of net profit for the relevant year as stipulated in Section 198, 309 and Schedule XIII of the Companies Act, 1956 (the "Act").

#### Perquisites:

##### PART – A

- (i) The expenditure incurred by the Company on gas, electricity, and water shall be valued as per the Income-Tax Rules, 1962.
- (ii) The Company shall reimburse medical expenses for self and family, subject to a ceiling of one month's salary in a year or Two months salary in a block of two years.

(iii) The Company shall reimburse actual travelling expenses for proceeding on leave from Mumbai to any place in India or abroad and returning there from once in a year for self and family, subject to a ceiling of one month's salary.

(iv) The Company shall arrange to insure against personal accident risk, subject to the condition that the premium payable by the company shall not exceed ₹ 1,000/- (₹ One Thousand only) per month or as per applicable provisions.

[Family means spouse, dependent children and dependent parents of the Executive Directors.]

##### PART – B

- (i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund if any, to the extent these either singly or together are not taxable under the Income-Tax Act, 1961.
- (ii) Gratuity not exceeding half a month's salary for each completed year of service subject to a ceiling of ₹ 10,00,000/- or such other ceiling as may be prescribed by the Gratuity Act or Company's Gratuity Scheme.

##### PART – C

Provision of the car/s and driver/s for use on company's business and telephone/s at residence including cell phone shall be valued as per Income-Tax Rules, 1962. The car used for private purposes shall be billed by the Company to the Executive Directors.

1. The terms and conditions of the said appointment/re-appointment and/or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.
2. The agreement may be terminated by either party giving the other party three months' notice. However, the appointment may be terminated by less than three months' notice by mutual consent between the parties.
3. If at any time the Executive Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Director.
4. The Executive Director shall not be entitled to sitting fees for attending meetings of the Board of Directors of the Company or any committee or committees thereof.

5. The Executive Directors shall be entitled to leave, on full pay allowance, at the rate of one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.
6. In the absence of inadequacy of profits in any financial year the Executive Directors may be paid remuneration by way of salary, perquisites and other allowances not exceeding the limits specified in Schedule XIII to the Act.

This may be treated as an abstract under Section 302 of the Companies Act, of the terms of the agreement.

None of the directors except Mr. Jagdish K. Valecha, Mr. Umesh H. Valecha and Dinesh H. Valecha are concerned or interested in the said Resolutions.

Your Directors recommend the resolution at item nos. 6, 7 and 8 for your approval.

### **Item No. 9**

The Chairman and the Non-Executive Directors are required to devote more time and attention, more so with the requirements of the revised Corporate Governance Policies. The Board therefore recognizes the need to suitably remunerate the Director(s) of the Company who are neither in the Whole Time Employment nor Managing Director(s) with such commission

upto a ceiling of 1% of the net profits of the Company, every year, or such other limit as may be approved by the Central Government, for a period of 5 years from the financial year commencing from 1st April, 2011. The quantum of the said commission will be apportioned amongst the Non-Executive Directors commensurate with their respective performance, which will be adjudged by the Remuneration Committee of the Board, based on pre-defined qualitative and quantitative parameters.

The Board recommends passing of the Resolution as set out in Item No. 9 of the accompanying Notice.

All the Non-Executive Directors of the Company, may be deemed to be concerned or interested in this resolution to the extent of commission that may be payable to them from time to time.

Mumbai  
10th June, 2011

By order of the Board

**KAVITA VALECHA SHARMA**  
*Company Secretary*



## DIRECTORS' REPORT

To The Members,

The Directors present their Thirty Fourth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2011.

(₹ in lacs)

<b>1. Financial Results:</b>	<b>2010-2011</b>	2009-2010
Net Sales/Income from Operations	<b>72975.09</b>	65205.13
Other Income	<b>935.50</b>	764.09
	<b>73910.59</b>	65969.22
Less: Total Expenditure	<b>68646.96</b>	61233.77
Gross Profit Before Interest Depreciation, Taxes and Extraordinary Income	<b>5263.63</b>	4735.45
Less: Interest	<b>1444.05</b>	1349.89
Profit Before Depreciation, Tax and Extraordinary Income	<b>3819.58</b>	3385.56
Less: Depreciation	<b>951.83</b>	901.78
Profit Before Extraordinary Income & Tax	<b>2867.75</b>	2483.78
Add: Extraordinary Income	<b>482.00</b>	1273.62
Profit Before Tax	<b>3349.75</b>	3757.40
Provision for Tax:-		
Current Tax	<b>635.62</b>	557.31
Deferred Tax	<b>234.81</b>	234.17
Profit After Tax	<b>2479.32</b>	2965.92
Add : Balance Brought Forward from Last year	<b>12004.09</b>	9684.87
Prior year adjustment for Taxes & Others	<b>(519.48)</b>	(20.64)
Profit for Appropriation	<b>13963.93</b>	12630.15
<b>APPROPRIATIONS</b>		
Proposed Dividend	<b>312.48</b>	278.70
Tax on Dividend	<b>50.69</b>	47.36
Transfer to General Reserves	<b>300.00</b>	300.00
Balance carried to Balance Sheet	<b>13300.76</b>	12004.09
	<b>13963.93</b>	12630.15
Paid-Up Equity Share Capital	<b>1953.00</b>	1858.00
Reserves (Excluding Revaluation Reserves)	<b>23954.94</b>	22082.77
<b>E.P.S. With Extraordinary Item</b>		
— Basic	<b>13.03</b>	16.49
— Diluted	<b>11.00</b>	15.66
<b>Without Extraordinary Item</b>		
— Basic	<b>10.49</b>	9.41
— Diluted	<b>8.86</b>	8.94

## 2. Dividend:

The Directors recommend payment of dividend of ₹1.60 per share (Previous Year ₹ 1.50 per share) for the year ended 31st March, 2011 on fully paid Equity Shares, if approved by the members at the Thirty Fourth Annual General Meeting to be held on 29th July, 2011.

## 3. Operations:

During the year under review, the turnover has increased to ₹ 72975.09 Lacs from ₹ 65,205.13 Lacs in 2010-2011 representing an increase of 11.92%. The Profit before tax without Extraordinary Income (PBT) has increased by 15.46% from ₹ 2483.78 Lacs in the previous year to ₹ 2867.76 Lacs for the year 2010-2011. The Profit After Tax without Extraordinary Income (PAT) was ₹ 1997.32 Lacs for the 2010-2011 as compared to PAT of ₹ 1692.30 Lacs (without extraordinary income) for the previous year representing an increase by 18%.

## 4. Fixed Deposits:

The Company has accepted ₹3035.85 Lacs Fixed Deposits by way of invitation to the public. There were no deposits, which were claimed and remained unpaid by the Company as on 31st March, 2011.

## 5. Outlook and Review:

Infrastructure is given due recognition for a nations economic progress. To sustain growth in the Infrastructure Sector, despite the global meltdown, the government is planning an investment of US\$ 20.38 billion in the next two years for infrastructure development. Further the government has set aside US\$640.8 million for improving the condition of ports, railroads, highways and airports over a period of 15 years.

Infrastructure Sector Growth Rate in India GDP has been on the rise in the last few years. The Growth Rate of the Infrastructure Sector in India GDP has grown due to several reasons and this in turn has given a major boost to the country's economy.

During the year the Company has bagged projects worth more than ₹ 1000 crores which include:

- (1) BOT Project for construction of highway at Madhya Pradesh.

- (2) The Company also diversified into Hydro Electric Project & bagged Project in Kerala.
- (3) M/s Valecha Infrastructure Limited (a 100% subsidiary of Valecha Engineering Limited) signed an MOU with the Government of Madhya Pradesh (GOMP) to establish a 440 Mw Thermal Power Plant in the state.
- (4) The Company recently bagged from the North Western Railway Broad Gauge Tunnel Near Jaipur.
- (5) 3 Projects at Kota:- Construction of 2 Nos. Link Bridges from Jhalawar Road at Bajranj Nagar over Canal including approach road and construction of Flyover elevated road from JDB College to Govt College (Antaghar Circle) on Station Road and construction of ROB on NH12@level crossing No.15 Thermal Siding Kota.
- (6) Construction of Roads & Buildings at Bandra for Western Railway
- (7) 2 Laning of Lalpul-Manmao-Changlang from Km 0.00 to km. 68.30 (NH-52B) Highway/Road Work at Arunchal Pradesh.
- (8) Piling work for south side of Paradeep Refinery of Indian Oil Corporation.
- (9) 2 Laning of Trans Arunachal Highway (NH-52B) from Kanubhari Bogibeel Bridge (0.63 kms) in the state of Assam in Joint Venture with M/s. SGCCL of Guwahati.
- (10) Piling work at Orissa for Indian Oil Corporation Refinery.
- (11) Other Projects include Design and Construction of underground stations and Associated tunnels at Chennai.

### 6. Directors:

The Board of Directors at its meeting held on 10th June, 2011 have reappointed Mr. Jagdish K. Valecha as a Managing Director, Mr. Umesh H. Valecha and Mr. Dinesh H. Valecha as Whole Time Directors of the company.

### Retirement by Rotation:

In accordance with the requirement of the Companies Act, 1956, Mr. G. Ramachandran & Dinesh H. Valecha Directors of the Company are due for retirement by rotation and are eligible for re-appointment.

### 7. Auditors:

M/s. D. M. Jani & Co., the Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. They have given their consent to be re-appointed for the current year. Members are requested to consider re-appointing them as Auditors.

### 8. Capital:

The Company has allotted 2,00,000 equity shares on 27th July 2010, 5,31,000 equity shares on 4th October, 2010 and 2,19,000 equity shares on 22nd December, 2010 on conversion of warrants.

### 9. Transfer to Reserves:

Your Directors propose to transfer a sum of ₹ 300.00 Lacs to the General Reserve account.

### 10. Subsidiary:

Valecha Infrastructure Limited, Valecha International FZE, Professional Realtors Pvt Ltd, Valecha LM Toll Pvt. Ltd. Subsequent to the financial year 2010-2011, Valecha Badwani Sendhwa Toll Ways Limited and Valecha Power Limited were incorporated.

Pursuant to a resolution passed by the Board of Directors of the Company in terms of a General Circular dated 8th February 2011 issued by the Ministry of Corporate Affairs, the Financial Statements and the Reports of the Board of Directors and the Auditors of the Company's subsidiaries are not attached to this Annual Report. These documents shall be made available to the members on requisition. These are also available for inspection at the Registered Office of the Company and the respective subsidiaries and are also being posted on the Company's Website: <http://www.valechaeng.com>

### 11. Conservation of Energy, Technology Absorption and Foreign Exchange earnings and Outgo:

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

#### A. Conservation of Energy:

At all the sites of the Company the consumption of power is regularly monitored and necessary measures are taken to regulate the consumption.

#### B. Technology absorption:

During the year under review, there is no expenditure on Technology Absorption and on Research and Development.

### C. Foreign Exchange Earnings & Outgo:

	(₹ in lacs)	
	<b>Current Year</b>	Previous Year
Foreign Exchange Outgo	<b>1150.50</b>	1656.00
Foreign Exchange Earned	—	1080.67

### 12. Particulars of Employees:

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 forms part of this report. However, as per the provisions of Sections 219(1) (b)(iv) of the Act, the report and accounts are being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may write to Company Secretary for a copy thereof.

### 13. Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion and Analysis and on Corporate Governance alongwith a certificate of compliance from the Auditors are attached hereto and form part of this Report.

### 14. Director's Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors confirm; that in the preparation of the annual accounts, the applicable accounting standards have been followed. Appropriate accounting policies have

been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for that period. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and the annual accounts have been prepared on a going concern basis.

### 15. Acknowledgements:

The Board wishes to place on record its appreciation to all employees of the Company for their continued contribution to the performance of the Company and convey their grateful thanks to shareholders, customers and Bankers for their continued support.

For and on Behalf of the Board

**ANIL HARISH**  
*Chairman*

Place : Mumbai  
Date : 10th June, 2011

## ANNEXURE

## REPORT ON CORPORATE GOVERNANCE

**1. Company's philosophy on code of Governance:**

The Company believes that consistent implementation of good corporate governance practices contributes towards sustaining and developing the business of the Company.

The cardinal principles such as independence, accountability, responsibility, transparency, trusteeship & disclosures serve as the means for implementing the philosophy of Corporate Governance.

It is the application of best management practices, compliance of law and adherence to ethical standards to achieve the organization goal of enhancing stakeholders value.

The Company shall strive hard to best serve the interest of its stakeholders comprising of Shareholders, Customers, Government and Society at large.

**2. Board of Directors:**

The Board of the Company consists of 6 (Six) Directors of which 3 (Three) are Executive Directors and 3 (Three) are Non-Executive Directors and out of 6 (Six) Directors 3 (Three) are Independent Directors and 3 (Three) are Non-Independent Directors.

During the year 2010-2011, the Board met Nine times, with at least one meeting in every quarter and with a gap of less than three months between two meetings on the following dates, namely 8th May, 2010, 29th May, 2010, 27th July, 2010, 12th August, 2010, 13th September, 2010, 4th October, 2010, 12th November, 2010, 22nd December, 2010 and 10th February, 2011.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees in which he is a Director.

The following table gives details of Directors, attendance of Directors at the Board Meetings and the last Annual General Meeting, number of memberships held by Directors in the Board/Committees of various other companies:

Name	Category	Attendance particulars		Number of other Directorship and Committee Membership/Chairmanship		
		Board Meeting	Last AGM	Other Directorship (excluding Pvt. Ltd. Companies)	Committee Membership	Committee Chairmanship
Mr. Anil Harish	Non-Executive & Independent	9	Attended	13	6	4
Mr. J. K. Valecha	Executive & Non-Independent	9	Attended	2	2	—
Mr. D. H. Valecha	Executive & Non-Independent	7	Attended	4	1	—
Mr. U. H. Valecha	Executive & Non-Independent	6	Attended	2	—	—
Mr. G. Ramachandran	Non-Executive & Independent	7	Attended	1	—	2
Mr. Arvind Thakkar	Non-Executive & Independent	1	Attended	—	—	—

**Details of Directors seeking appointment/reappointment at the 34th Annual General Meeting: (Pursuant to Clause 49 of the Listing Agreement).**

1. Name:	Mr. Jagdish K. Valecha
Age:	52 years
Qualifications:	B. Com.
Expertise:	Over 28 years of experience in execution of Civil Construction Works.
Other Directorship:	Valecha Infrastructure Limited and Valecha Power Limited (excluding private companies, foreign companies & section 25 companies)
Committee Member/Chairmanship:	Member-Audit Committee (Valecha Engineering Ltd.) Member-Shareholder/Investors Grievance Committee (Valecha Engineering Ltd.)

2. Name	Mr. Umesh H. Valecha
Age:	35 years
Qualifications:	B.E. (Civil)
Expertise:	Over 12 years of experience of Civil Construction Works.
Other Directorship	Valecha Infrastructure Ltd. and Valecha Reality Ltd. (excluding private companies, foreign companies & section 25 companies)
Committee Member/Chairmanship	Nil

3. Name	Mr. G. Ramachandran
Age:	51 years
Qualifications:	Chartered Accountant
Expertise:	Chartered Accountant over 28 years of experience in the field of Investment Banking, Consultancy, Business Process and Organizational Development.
Other Directorship	Karrox Technologies Limited (excluding private companies, foreign companies & section 25 companies)
Committee Member/Chairmanship	Chairman – Audit Committee and Shareholders/Investor Grievance Committee of Valecha Engineering Limited.

4. Name:	Mr. Dinesh H. Valecha
Age:	41 years
Qualifications:	B.E. (Electronics) D.B.M.
Expertise:	Over 18 years of experience in Civil Construction Works.
Other Directorship	Valecha Infrastructure Ltd., Valecha Reality Ltd, Valecha Badwani Sendhwa Toll Ways Ltd and Valecha Power Limited (excluding private companies, foreign companies & section 25 companies)
Committee Member/Chairmanship	Member – Shareholders/Investor Grievance Committee

### 3. Audit Committee:

As on 31st March, 2011 the Audit Committee consisted of Mr. G. Ramachandran – Chairman, Mr. J. K. Valecha – Member and Mr. Anil Harish – Member.

The Audit Committee met Four Times during the year 2010-2011 on 29th May, 2010, 12th August, 2010, 12th November, 2010 and 10th February, 2011 and the attendance of the member of the meeting was as follows:

Name of Directors	Category	No. of Meeting Attended
Mr. G. Ramachandran	Non-Executive & Independent	4
Mr. Anil Harish	Non-Executive & Independent	4
Mr. J. K. Valecha	Executive & Non-Independent	4

The terms of reference of the Audit Committee includes various matters in conformity with the statutory guidelines, which includes the following:

To review the nature and scope of internal and external audit, the adequacy of internal control system and the financial reporting process to ensure the correctness and credibility of financial statements, to review quarterly and annual financial statements before submission to the Board, change in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, to ensure proper accounting policies and compliance with the Accounting Standards and stock exchange requirements regarding financial statements and reviewing over all company's financial and risk management policies and other related areas of the Company.

**4. Remuneration Committee:**

The committee comprises of (3) Directors, Mr. G. Ramachandran – Chairman, Mr. Arvind Thakkar – Member and Mr. Anil Harish – Member.

The remuneration Committee reviews the Company’s policies on specific remuneration packages and overall remuneration structure of the Executive Directors. The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis. During the year the Committee met once on 29th May, 2010.

Remuneration of Directors for 2010-2011:

(₹ in lacs)

Sr. No.	Name of Directors	Salary	Allowances & Incentives	Benefits	Sitting Fees	Commission	Total
1.	Mr. J. K. Valecha	69.67	47.00	4.62	—	—	121.29
2.	Mr. G. Ramachandran	—	—	—	0.35	7.50	7.85
4.	Mr. Anil Harish	—	—	—	0.45	10.00	10.45
4.	Mr. Dinesh Valecha	39.40	34.50	1.63	—	—	75.53
5.	Mr. Umesh Valecha	40.20	34.50	0.87	—	—	75.57
6.	Mr. Arvind Thakkar	—	—	—	0.05	7.50	7.55
	Total	149.27	116.00	7.12	0.85	25.00	298.24

**5. Shareholders/Investor Grievance Committee:**

The Share Transfer/Investor Grievance Committee consist of 3 Directors Mr. J. K. Valecha (Executive & Non Independent), Mr. D. H. Valecha (Executive & Non-Independent) and Mr. G. Ramachandran (Non-Executive & Independent). Mr. G. Ramachandran, the chairman of the Committee is a Non-Executive Director. The Committee deals with all the matter relating to share holders and investors complaints and other related matters. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for over all improvement of the quality of investor’s services. The Committee held 24 meetings during the year 2010 -2011. As of 31st March, 2011 there were no unresolved investors complaints pending and no shares pending for transfer.

Ms. Kavita Valecha Sharma – Company Secretary is the Compliance Officer.

**Shareholders Complaints (Since 01.04.2010 to 31.03.2011):**

No. of complaints received from shareholders	No. of complaints solved to the satisfaction of the shareholders	No. of complaints pending
24	24	—
No. of complaints in SEBI		
2	2	—

**6. Subsidiary Companies:**

The subsidiary companies Valecha Infrastructure Limited, Valecha International FZE, Professional Realtors Pvt Ltd, Valecha LM Toll Pvt Limited, Valecha Badwani Sendhwa Toll Ways Ltd and Valecha Power Limited are not covered under the term “material non listed Indian Subsidiary Company”.

**7. Code of Conduct:**

The Board has laid down the Code of Conduct for all Board members and Senior Managerial Personnel of the Company. All the Directors & Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect duly signed by Managing Director of the Company is attached herewith and forms Part of Corporate Governance Report.

## 8. General Body Meetings:

The last three Annual General Meeting of the Company were held as follows:

Date	Time	Details of Special Resolution	Relevant Section
*30th July, 2010	4.00 p.m.	NIL	—
**20th August, 2009	4.00 p.m.	i. Reappointment of Managing Director ii. Appointment of Whole Time Directors	198, 269, 309 & 310 198, 269, 309 & 310
**29th August, 2008	4.00 p.m.	i. Issue of Bonus Shares ii. Office or place of profit	314

Venue – \* Sunville Banquet Hall, 9, Dr. Annie Besant Road, Worli, Mumbai-400 018,

\*\* M.C.Ghia Hall, Bhogilal Hargovindas Building, 19/20, Kaikhushru Dubhash Marg, Mumbai-400 001.

Extra Ordinary General Meeting was held on Saturday, 24th April, 2010 at 11.30 am at Sunville Banquet Hall, 9, Dr. Annie Besant Road, Worli, Mumbai-400 018 for issue of warrants to promoters and other entities.

No Special Resolutions were put through postal ballot last year. No special Resolution is proposed to be passed through postal Ballot at the ensuing Annual General Meeting.

## 9. Disclosures:

1. There are no transactions of material nature that have been entered into by the Company with the promoters, Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company. Transactions with related parties are disclosed in notes to Accounts forming part of the Balance Sheet in the Annual Report.
2. There was no non-compliance during the last three years by the Company on any matter related to Capital Market. Consequently, there were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.
3. The Director's Report includes details of Management Discussion and Analysis including Risks & Concerns.

## 10. Means of Communication:

- (i) The approved financial results are forwarded to the Stock Exchange and are published in the leading English and Regional newspapers.
- (ii) The Company's financial results and official news releases are displayed on the Company's Website [www.valechaeng.com](http://www.valechaeng.com)
- (iii) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

## 11. Secretarial Audit:

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of dematerialized shares held with NSDL and CDSL.

## 12. General Shareholder information:

- \* AGM :
- |       |   |  |
|-------|---|--|
| Date  | : | 29th July, 2011  |
| Time  | : | 4.00 p.m.  |
| Venue | : | Sunville Banquet Hall,<br>9, Dr. Annie Besant Road,<br>Worli, Mumbai - 400 018 |

- \* Financial Calendar : 1st April, 2010 to 31st March, 2011
- \* Book Closure : 22nd July, 2011 to 29th July, 2011.
- \* Dividend Payment date : On or before 28th August, 2011.
- \* Listing on Stock Exchanges : Bombay Stock Exchange Limited  
National Stock Exchange of India Limited  
Luxembourg Stock Exchange (for GDR)
- \* The listing fees for the financial year 2010-2011 of the stock exchange has been paid.

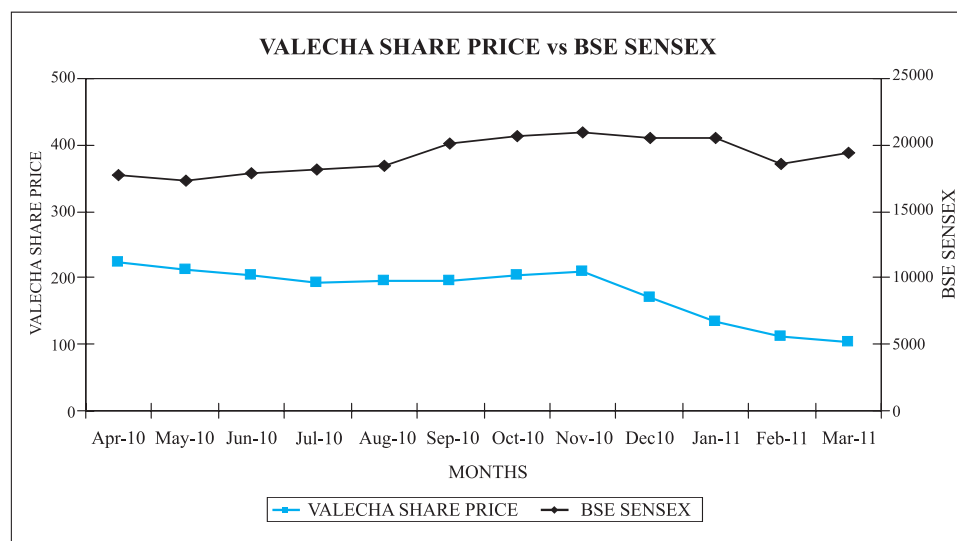
### Listing on Stock Exchanges:

Name of Stock Exchange	Stock Code No.	Code on Screen
Bombay Stock Exchange Limited, (BSE)	532389	VALECHA ENGI
National Stock Exchange of India Limited, (NSE)	—	VALECHAENG
Luxembourg Stock Exchange (For GDR) — CUSIP No. ISIN No.	91911Q109 US91911Q1094	— —

- \* Market Price data:

Monthly high and low of quotations on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

Month	BSE		NSE	
	Highest (₹)	Lowest (₹)	Highest (₹)	Lowest (₹)
April, 2010	223.95	179.60	223.20	180.50
May, 2010	213.65	160.90	213.90	160.85
June, 2010	203.60	170.95	203.05	171.30
July, 2010	191.45	180.35	191.50	180.70
August, 2010	194.50	179.85	194.15	180.00
September, 2010	194.50	182.05	194.45	181.90
October, 2010	204.45	167.55	204.25	167.10
November, 2010	209.30	163.40	208.55	163.00
December, 2010	170.45	107.30	170.95	107.40
January, 2011	134.20	105.10	134.40	105.45
February, 2011	112.00	89.90	113.95	90.25
March, 2011	103.15	93.75	103.40	93.75





- \* Registrar and Transfer Agents : TSR Darashaw Limited  
6-10 Haji Moosa Patrawala Ind. Estate  
20, Dr. E. Moses Road,  
Mahalaxmi, Mumbai-400 011.  
Tel. : 66568484 • Fax : 66568494
- \* Share Transfer System : The Company's Shares are traded in compulsory demat mode and are transferable through depository system. All the physical transfers received are processed by the registrar and transfer agents and approved by Share Transfers Committee, which meets at regular intervals.
- \* Distribution of Shareholding : As on 31st March, 2011.

#### Distribution of Holdings (as on 31st March, 2011)

Shareholding of Nominal Value		Shareholders		Share Amount	
₹	₹	No.	% To Total	₹	% To Total
1	5,000	12579	87.51	16426720	8.41
5,001	10,000	856	5.95	6700130	3.43
10,001	20,000	476	3.31	7052640	3.61
20,001	30,000	173	1.20	4299950	2.20
30,001	40,000	57	0.40	2068130	1.06
40,001	50,000	44	0.31	2053130	1.05
50,001	1,00,000	90	0.63	6579280	3.37
1,00,001	above	99	0.69	150120270	76.87
<b>TOTAL</b>		<b>14374</b>	<b>100.00</b>	<b>195300250</b>	<b>100.00</b>

#### Share Holding Pattern

Sr.	Category	No. of Shares	%
1.	Promoters (Promoter group)	9661036	49.47
2.	NRI's	1144381	5.86
3.	Bodies Corporate	2348675	12.03
4.	Financial Institution/Mutual Fund	736749	3.77
5.	Foreign Institution Investors	311500	1.60
6.	Others: Independent Directors	387409	1.98
	Shares held by Custodians issued against GDRs	371250	1.90
	Indian Public	4569025	23.39
	<b>TOTAL</b>	<b>19530025</b>	<b>100.00</b>

- \* Dematerialization of Shares: As on 31st March, 2011, 97.84% of the Company's total shares representing 191,08,294 Shares were held in dematerialised form.
- \* Outstanding GDRs/ADRs/Warrants:

On 8th May, 2010 35,00,000 preferential warrants at an issue price of ₹ 107.54/- per warrant with an option to subscribe to equity shares at a future date have been allotted and are outstanding.

The Share are available in Demat form with:

- |  |                   |
|--|-------------------|
| 1. Central Depository Services (India) Limited | ISIN-INE624C01015 |
| 2. National Securities Depository Limited      | ISIN-INE624C01015 |

\* Plant Location: The Company has various sites.

\* Address for correspondence:

**(1) Company:**

**VALECHA ENGINEERING LIMITED**

“Valecha Chambers”, 4th Floor,  
Andheri New Link Road,  
Andheri (West), Mumbai-400 053.

Tel : 022 - 2673 3625 to 29

Fax : 022 - 2673 3945

E-mail : ho@valecha.in/investor.relations@valecha.in

**(2) Registrar:**

**TSR Darashaw Limited**

6-10 Haji Moosa Patrawala Ind. Estate  
20, Dr. E. Moses Road,  
Mahalaxmi, Mumbai-400 011.

Tel. : 66568484

Fax : 66568494

### 13. DECLARATION UNDER CODE OF CONDUCT:

As required under Clause 49 (ID) of the Listing Agreement, it is hereby affirmed that all the Board members and Senior Management Personnel have complied with Code of Conduct of the Company. The Code of the Conduct has been posted on the web-site of the Company.

**JAGDISH K. VALECHA**

*Managing Director*

Date : 10th June, 2011

Place : Mumbai

## **Auditors' Certificate on Clause 49 Compliance of Listing Agreement**

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

We have examined the Compliance of conditions of Corporate Governance by Valecha Engineering Limited, for the year ended on 31st March, 2011, as stipulated in the Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s. D. M. JANI & CO.**  
*Chartered Accountants*

**DILIP M. JANI**  
*Proprietor*  
Membership No. 17259

Place : Mumbai  
Date : 10th June, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### (a) Industry Structure and Developments:

Infrastructure is recognised as essential to sustain economic growth. A large component of highways is to be developed through public-private partnerships and several high traffic stretches have already been awarded to private companies on a BOT basis which has created huge opportunities for infrastructure companies.

The Government is planning to increase spending on road development substantially.

### (b) Opportunities and Threats/Risks and concerns:

The government has placed emphasis on the need for accelerated development of high quality physical infrastructure such as roads, ports, airports and railways, which are essential to sustaining economic growth.

Stiff competition leading to price-cuts and low operating margins, sustained increase in prices of certain materials used in constructions such as steel, cement, building materials and petroleum products, adapting to technological changes and having suitable manpower are the key issues/concerns to post major threats in the growth of Construction Industry.

### (c) Segment wise performance & outcome:

The Company is in the business of construction and infrastructure development of roads, dams, bridges, highways etc. & hence operates in a single Business segment.

### (d) Outlook:

For a country of India's size, an efficient road network is necessary both for national integration as well as for overall socio-economic development.

Many International player have joined the league in the growth and reform of the highway Infrastructure in India. Initiatives like 100 per cent FDI under the automatic route in all road development projects, 100 per cent incomex tax exemption for a period of 10 years, an increment in the overseas borrowing amount of infrastructure sectors and offering cheaper loans for highway projects will give the much needed boost to the Infrastructure Sector.

### (e) Internal Control Systems and their Adequacy:

The Company has appropriate and adequate internal control systems for its business processes at all sites with regard to efficiency of operations, accurate and prompt financial reporting, compliance with applicable Laws and regulations etc.

The Company continues to regularly evaluate and strengthen its Internal Control Systems to be commensurate with its size and growth.

### (f) Discussion on financial performance with respect to operation Performance:

During the year under review, the turnover has increased to ₹ 72,975.09 Lacs from ₹ 65,205.13 Lacs in 2010-2011 representing an increase of 11.92%. The PBT without Extraordinary Income has increased by 15.46% from ₹ 2,483.78 Lacs for the previous year to ₹ 2,867.76 Lacs for the year 2010-2011. The PAT without extraordinary income was ₹ 1,997.32 Lacs for the year 2010-2011 as compared to PAT of ₹ 1,692.30 Lacs (without Extraordinary Income) for the previous year representing an increase by 18%.

### (g) Human Resources/Industrial Relations:

Your Company continues to lay thrust on human resource development and the industrial relations at various project location remained harmonious and cordial. Over the years your Company's Human Resource policies are directed towards attaining, motivating, rewarding and retaining talent at all levels in the organisation. Human Resource is recognised as most valuable asset of the Company that play vital role in attaining success for the organisation.

### (h) Cautionary Statement:

Statement in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be interpreted as "forward-looking statements", but are stated as required under the applicable securities laws and regulations. Actual results could differ from those expressed or implied for many reasons including economic policy and conditions, market developments and changes in government regulations, tax laws and other statutes and other incidental factors.

## REPORT OF THE AUDITOR TO THE MEMBERS

We have audited the attached Balance Sheet of VALECHA ENGINEERING LIMITED, as at 31st March, 2011, the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Audit Report) Order, 2003 issued by the Central Government of India in terms of sub-section 4(A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books, proper information/explanations and records adequate for the purposes of our audit have been received from the Project Sites not visited by us.

- (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) In our opinion and based on information and explanations given to us, none of the Director is disqualified as on 31st March, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **D. M. JANI & CO.**  
FRN : 104047W  
*Chartered Accountants*

**DILIP M. JANI**  
*Proprietor*  
Membership No. 17259

Place : Mumbai  
Date : 27th May, 2011

## ANNEXURE TO THE AUDITOR'S REPORT

ANNEXURE REFERRED TO IN ITEM NO.2 OF THE REPORT OF THE AUDITOR TO THE MEMBERS OF VALECHA ENGINEERING LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011.

### We report that :

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.  
(b) All the assets were physically verified by the Management in a phased periodic manner during the year, which in our opinion is reasonable having regards to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) In our opinion, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable  
(b) The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
3. (a) The Company has not taken loan from companies covered in the register maintained under section 301 of the Companies Act, 1956. There are six companies covered in the register maintained under section 301 of the Companies Act, 1956 to whom the Company has granted loans. The maximum amount involved during the year was ₹ 17,044.92 lacs and the year-end balance of loans granted to such companies was ₹ 17,044.92 lacs.  
(b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) The Companies have been regular in the payment of principal and interest as per stipulation, if any.
- (d) There is no overdue amount of loans granted to Companies listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of Inventory and Fixed Assets and also for the Sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Tribunal on the Company in respect of the above said Deposits.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of

- the Companies Act, 1956 for the products of the Company.
9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues, to the extent applicable, have been generally regularly deposited with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, and the records of the Company examined by us there are no dues of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Service Tax and Cess which have not been deposited on account of any dispute.
  10. The Company has no accumulated losses as at 31st March 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
  11. In our opinion and according to the information and explanations give to us, the Company has not defaulted in repayment of dues to a Financial Institutions and Banks.
  12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
  14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
  15. According to the information and explanations given to us, the Company has given the corporate guarantee for loans taken by its ultimate subsidiary from the banks, the terms and conditions whereof in our opinion are not *prima facie* prejudicial to the interest of the Company.
  16. In our opinion, the term loans have been applied for the purpose for which they were raised.
  17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
  18. According to the information and explanation given to us, the company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion the price at which shares have been issued is not prejudicial to the interest of the company.
  19. According to the information and explanations given to us, during the period the Company has not issued any Debentures.
  20. The Company has not raised any money by public issues during the year.
  21. On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **D. M. JANI & CO.**  
FRN : 104047W  
*Chartered Accountants*

**DILIP M. JANI**  
*Proprietor*  
Membership No. 17259

Place : Mumbai  
Date : 27th May, 2011

**BALANCE SHEET AS AT 31st MARCH, 2011**

(Amount in ₹)

	SCHEDULE	As at 31st March, 2011		As at 31st March, 2010	
<b>I. SOURCES OF FUNDS :</b>					
1. Shareholders' Funds :					
(a) Share Capital	<b>A</b>	<b>19,53,00,250</b>		18,58,00,250	
(b) Reserves & Surplus	<b>B</b>	<b>2,40,42,33,401</b>		2,21,77,10,247	
			<b>2,59,95,33,651</b>		2,40,35,10,497
2. Loan Funds :					
(a) Secured Loans	<b>C</b>	<b>1,86,65,28,618</b>		1,47,41,58,656	
(b) Unsecured Loans	<b>D</b>	<b>39,80,85,000</b>	<b>2,26,46,13,618</b>	16,66,28,500	1,64,07,87,156
3. Deferred Tax Liability :			<b>20,54,61,406</b>		18,19,80,058
<b>Total</b>			<b>5,06,96,08,675</b>		<b>4,22,62,77,711</b>
<b>II. APPLICATION OF FUNDS :</b>					
1. Fixed Assets :	<b>E</b>				
(a) Gross Block		<b>1,98,42,05,497</b>		1,76,81,88,606	
(b) Less: Depreciation		<b>42,59,86,147</b>		35,18,38,822	
(c) Net Block			<b>1,55,82,19,350</b>		1,41,63,49,784
2. Investments	<b>F</b>		<b>16,22,77,156</b>		8,28,84,061
3. Current Assets, Loans & Advances	<b>G</b>				
(a) Inventories		<b>42,10,12,753</b>		40,79,94,252	
(b) Work-in-Progress		<b>1,32,21,343</b>		8,30,09,823	
(c) Sundry Debtors		<b>1,87,75,61,966</b>		1,42,24,27,573	
(d) Cash & Bank Balances		<b>54,21,07,963</b>		50,43,78,878	
(e) Loans & Advances		<b>3,12,05,63,549</b>		2,32,02,46,654	
			<b>5,97,44,67,574</b>	4,73,80,57,180	
Less: Current Liabilities and Provisions	<b>H</b>				
(a) Current Liabilities		<b>2,58,90,38,152</b>		1,97,84,06,763	
(b) Provisions		<b>3,63,17,253</b>		3,26,06,551	
			<b>2,62,53,55,405</b>	2,01,10,13,314	
<b>Net Current Assets</b>			<b>3,34,91,12,169</b>		2,72,70,43,866
<b>Total</b>			<b>5,06,96,08,675</b>		<b>4,22,62,77,711</b>
Notes to the Accounts	<b>N</b>				

 As per our report of even date  
 For **D. M. JANI & CO.**  
 Chartered Accountants

For and on behalf of the Board

**Dilip M. Jani**  
 Proprietor

**Kavita Valecha Sharma**  
 Company Secretary

**Anil Harish**  
 Chairman

**J. K. Valecha**  
 Managing Director

 Place : Mumbai.  
 Date : 27th May, 2011.



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

(Amount in ₹)

	SCHEDULE	As at 31st March, 2011		As at 31st March, 2010	
<b>INCOME</b>					
Receipts from Operations			7,29,75,09,219		6,52,05,12,701
Other Income	I		9,35,49,986		7,64,09,445
<b>Total Revenue</b>			<b>7,39,10,59,205</b>		<b>6,59,69,22,146</b>
<b>EXPENDITURE</b>					
Construction Expenses	J		6,45,40,74,454		5,80,81,86,339
Employees Remuneration & Welfare Expenses	K		31,45,98,859		22,12,71,841
Administrative & Other Expenses	L		9,60,22,168		9,39,18,544
Financial Cost	M		14,44,04,625		13,49,88,607
Depreciation/Amortisation		9,58,77,183		9,08,72,424	
Less: Amount withdrawn from Revaluation Reserve		6,94,006	9,51,83,177	6,94,006	9,01,78,418
<b>Total</b>			<b>7,10,42,83,283</b>		<b>6,34,85,43,749</b>
<b>PROFIT BEFORE EXTRAORDINARY INCOME &amp; TAX</b>					
			28,67,75,922		24,83,78,397
Add: Extraordinary Income			4,81,99,703		12,73,62,492
<b>PROFIT BEFORE TAX</b>			<b>33,49,75,625</b>		<b>37,57,40,889</b>
Provision For Tax :					
Current Tax		6,35,62,000		5,57,31,000	
Deferred Tax		2,34,81,348	8,70,43,348	2,34,17,012	7,91,48,012
<b>PROFIT AFTER TAX</b>			<b>24,79,32,277</b>		<b>29,65,92,877</b>
Add: Balance Brought Forward					
From Last Year			1,20,04,08,953		96,84,86,746
Prior Year Adjustments for Taxes & Others			(5,19,47,864)		(20,64,119)
Profit for Appropriation			<b>1,39,63,93,366</b>		<b>1,26,30,15,504</b>
<b>APPROPRIATIONS</b>					
Proposed Dividend			3,12,48,040		2,78,70,038
Tax on Dividend			50,69,213		47,36,513
Transfer to General Reserves			3,00,00,000		3,00,00,000
Balance carried to Balance-Sheet			1,33,00,76,113		1,20,04,08,953
			<b>1,39,63,93,366</b>		<b>1,26,30,15,504</b>
<b>Notes to the Accounts</b>					
<b>Earning Per Share (In ₹)</b>					
Basic – With Extraordinary Income	N		13.03		16.49
– Without Extraordinary Income			10.49		9.41
Diluted – With Extraordinary Income			11.00		15.66
– Without Extraordinary Income			8.86		8.94

As per our report of even date  
For **D. M. JANI & CO.**  
Chartered Accountants

For and on behalf of the Board

**Dilip M. Jani**  
Proprietor

**Kavita Valecha Sharma**  
Company Secretary

**Anil Harish**  
Chairman

**J. K. Valecha**  
Managing Director

Place : Mumbai.

Date : 27th May, 2011.

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011**

(Amount in ₹)

	As at 31.03.2011		As at 31.03.2010	
<b>SCHEDULE – A</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised :</b>				
3,50,00,000 (Previous Year 3,50,00,000) Equity Shares of ₹ 10/- each		<b>35,00,00,000</b>		35,00,00,000
<b>Issued &amp; Subscribed :</b>				
1,95,30,025 (Previous Year 1,85,80,025) Equity Shares of ₹ 10/- each fully paid-up. (Refer Note 2 of Schedule – N)		<b>19,53,00,250</b>		18,58,00,250
(Of the above Shares 10,00,000 Shares (F.Y. 1993-1994) 15,00,000 Shares (F.Y. 2002-2003), 39,84,450 Shares (F.Y. 2007-2008) and 59,76,675 Shares (F.Y. 2008-09) are allotted as fully paid-up by way of Bonus Shares by capitalisation of General Reserve.)		<b>19,53,00,250</b>		18,58,00,250
<b>SCHEDULE – B</b>				
<b>RESERVES AND SURPLUS</b>				
<b>1. Revaluation Reserve :</b>				
Balance as per last Balance-Sheet	<b>94,32,786</b>		1,01,26,792	
Less: Difference in depreciation on revalued cost of assets and that on its original cost.	<b>6,94,006</b>	<b>87,38,780</b>	6,94,006	94,32,786
<b>2. Share Premium Account :</b>				
Balance as per last Balance Sheet	<b>81,33,87,635</b>		79,45,37,635	
Additions during the year	<b>2,75,50,000</b>	<b>84,09,37,635</b>	1,88,50,000	81,33,87,635
<b>3. General Reserve :</b>				
Balance as per last Balance-Sheet	<b>19,44,80,873</b>		16,44,80,873	
Add: Transfer from Profit & Loss Account	<b>3,00,00,000</b>	<b>22,44,80,873</b>	3,00,00,000	19,44,80,873
<b>4. Profit &amp; Loss Account :</b>				
Transferred from Profit & Loss Account		<b>1,33,00,76,113</b>		1,20,04,08,953
		<b>2,40,42,33,401</b>		2,21,77,10,247

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE – C</b>		
<b>SECURED LOANS</b>		
1. Banks		
Cash Credit against Book Debts	32,96,23,593	46,97,24,201
2. Financial Institutions/Banks		
Against Plant & Machinery, Vehicles and Other Current Assets	1,53,69,05,025	1,00,44,34,455
	<b>1,86,65,28,618</b>	<b>1,47,41,58,656</b>
<b>SCHEDULE – D</b>		
<b>UNSECURED LOANS</b>		
1. Fixed Deposits	30,35,85,000	15,73,66,000
[Repayable in next 12 Months ₹ 7,53,81,000/- (Previous Year ₹ 2,41,58,000/-)]		
2. Advance – Preferential Warrants	9,45,00,000	92,62,500
	<b>39,80,85,000</b>	<b>16,66,28,500</b>

## SCHEDULE – E

### FIXED ASSETS & DEPRECIATION

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Addition	Deduction	As at 31.03.2011	Upto 31.03.2010	For the Year	Adjustment	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	16,19,224	—	1,32,220	14,87,004	—	—	—	—	14,87,004	16,19,224
Buildings	3,69,14,803	—	4,50,000	3,64,64,803	84,28,576	5,94,376	66,055	89,56,897	2,75,07,906	2,84,86,227
Plant & Machinery	1,52,10,91,935	28,93,33,702	7,19,31,382	1,73,84,94,255	26,27,40,889	7,51,45,323	1,17,48,078	32,61,38,134	1,41,23,56,121	1,25,83,51,046
Furniture, Fixtures & Office Equipment	4,72,42,326	87,26,934	—	5,59,69,260	1,91,14,579	29,26,040	—	2,20,40,619	3,39,28,641	2,81,27,747
Vehicles	16,13,20,318	46,75,780	1,42,05,923	15,17,90,175	6,15,54,778	1,72,11,444	99,15,725	6,88,50,497	8,29,39,678	9,97,65,540
Total	1,76,81,88,606	30,27,36,416	8,67,19,525	1,98,42,05,497	35,18,38,822	9,58,77,183	2,17,29,858	42,59,86,147	1,55,82,19,350	1,41,63,49,784
Previous Year	1,70,69,60,918	10,06,58,126	3,94,30,438	1,76,81,88,606	27,05,39,645	9,08,72,424	95,73,247	35,18,38,822	1,41,63,49,784	1,43,64,21,273

**SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2011**

**SCHEDULE – F**

**INVESTMENTS (TRADE) (AT COST)**

Particulars	As at 31-03-2011		As at 31-03-2010	
	Qty. Nos.	Book value ₹	Qty. Nos.	Book value ₹
<b>LONG TERM INVESTMENTS (AT BOOK VALUE)</b>				
<b>TRADE INVESTMENTS</b>				
<b>A. QUOTED &amp; FULLY PAID:</b>				
<b>Equity Shares :</b>				
Jyoti Structures Ltd. (Face Value ₹ 2/- Per Share) [During the year 8,00,000 Nos. of Shares (Previous Year 10,21,400 Nos.) Sold]	<b>60,000</b>	<b>24,30,000</b>	8,60,000	3,48,30,000
<b>Total</b>		<b>24,30,000</b>		3,48,30,000
<b>Non Convertible Debentures :</b>				
Jyoti Structures Ltd. (Face Value ₹ 120/- Per Debenture) (During the year 7,78,925 Nos. of Non Convertible Debenture Purchased)	<b>7,78,925</b>	<b>9,34,71,000</b>	—	—
<b>Total</b>		<b>9,34,71,000</b>		—
<b>B. UNQUOTED &amp; FULLY PAID :</b>				
<b>Equity Shares:</b>				
(1) The Saraswat Co-op. Bank Ltd. (Face Value ₹ 10/- each)	<b>2,500</b>	<b>25,000</b>	2,500	25,000
(2) The Janakalyan Sahakari Bank Ltd. (Face Value ₹ 10/- each)	<b>50,000</b>	<b>5,00,000</b>	50,000	5,00,000
(3) Valecha Chambers Condominium (Face Value ₹ 100/- each)	<b>22</b>	<b>2,200</b>	22	2,200
(4) Varun Cements Ltd. (Face Value ₹ 10/- each)	<b>42,800</b>	<b>2,20,000</b>	42,800	2,20,000
(5) Bhubaneshwar Express Ways Pvt. Ltd. (Face Value ₹ 10/- each)	<b>4,000</b>	<b>40,000</b>	—	—
(6) Valecha Reality Ltd. (Face Value ₹ 10/- each)	<b>24,950</b>	<b>2,49,500</b>	—	—
<b>Total</b>		<b>10,36,700</b>		7,47,200
<b>C. INVESTMENT IN WHOLLY OWNED SUBSIDIARY COMPANIES</b>				
(1) Valecha Infrastructure Limited (Face Value ₹ 10/- each)	<b>50,000</b>	<b>5,00,000</b>	50,000	5,00,000
(2) Valecha International (FZE) – (Face Value)	<b>1</b>	<b>18,21,015</b>	1	18,33,420
(3) Professional Realtors Pvt. Ltd. (Face Value ₹ 10/- each)	<b>10,000</b>	<b>1,80,45,000</b>	—	—
<b>Total</b>		<b>2,03,66,015</b>		23,33,420
<b>D. BUILDING VALECHA CHAMBERS</b>				
<b>Abstract :</b>				
A. Quoted : Equity Shares		<b>24,30,000</b>		3,48,30,000
: Non Convertible Debentures		<b>9,34,71,000</b>		—
B. Unquoted		<b>10,36,700</b>		7,47,200
C. Investment in Wholly Owned Subsidiary Companies		<b>2,03,66,015</b>		23,33,420
D. Building Valecha Chambers		<b>4,49,73,441</b>		4,49,73,441
<b>Grand Total</b>		<b>16,22,77,156</b>		8,28,84,061
<b>Market Value of Quoted Investments in Shares &amp; Debentures :</b>		<b>9,17,49,084</b>		13,97,07,000

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011

(Amount in ₹)

	As at 31.03.2011		As at 31.03.2010	
<b>SCHEDULE – G</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>1. Inventories :</b>				
Closing Stock of Materials (As Certified by the Management)		42,10,12,753		40,79,94,252
		42,10,12,753		40,79,94,252
<b>2. Work in Progress :</b>		1,32,21,343		8,30,09,823
(As Certified by the Management)		1,32,21,343		8,30,09,823
<b>3. Sundry Debtors:</b>				
(Unsecured and Considered Good)				
(a) Exceeding Six months		33,98,06,283		26,15,52,363
(b) Within Six Months		1,53,77,55,683		1,16,08,75,210
		1,87,75,61,966		1,42,24,27,573
<b>4. Cash and Bank Balances :</b>				
(a) Cash on Hand		44,84,309		27,14,521
(b) With Scheduled Banks				
(i) In Current Accounts		14,85,48,334		20,15,77,923
(ii) In Deposit Accounts		38,90,75,320		30,00,86,434
(Lien against Bank Guarantees & Letter of Credits ₹ 2,675.05 Lacs (Previous Year ₹ 2,958.60 Lacs))				
		54,21,07,963		50,43,78,878
<b>5. Loans and Advances :</b>				
(Unsecured and considered good)				
(a) Advance to Subsidiary Companies		1,62,06,48,564		96,31,25,117
(b) Advances recoverable in cash or in kind or for value to be received.		95,11,84,501		76,49,67,908
(c) Deposits with Contractees & Others		43,77,32,210		35,86,92,834
(d) Prepaid Taxes (Net of Provisions)				
Advance Tax Paid	24,13,01,885		45,58,42,406	
Less : Provision for Tax	13,03,03,611	11,09,98,274	22,23,81,611	23,34,60,795
		3,12,05,63,549		2,32,02,46,654
<b>SCHEDULE – H</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>1. CURRENT LIABILITIES :</b>				
(a) Sundry Creditors		1,10,91,48,653		82,91,91,950
(b) Advances from Contractees		35,49,09,963		36,77,61,399
(c) Other Liabilities		1,12,49,79,536		78,14,53,414
		2,58,90,38,152		1,97,84,06,763
<b>2. PROVISIONS :</b>				
(a) Proposed Dividend		3,12,48,040		2,78,70,038
(b) Tax on Dividend		50,69,213		47,36,513
		3,63,17,253		3,26,06,551
Note : There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.				

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED  
31st MARCH, 2011**

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE – I</b>		
<b>OTHER INCOME</b>		
(a) Rent (TDS ₹ 26,93,898/-) (Previous Year ₹ 26,05,939/-)	5,55,02,904	5,44,69,248
(b) Dividend : From Long Term Investments	9,23,881	7,74,068
(c) Miscellaneous Income	2,76,87,687	2,11,66,129
(d) Profit on Sale of Assets	94,35,514	—
	<b>9,35,49,986</b>	<b>7,64,09,445</b>
<b>SCHEDULE – J</b>		
<b>CONSTRUCTION EXPENSES</b>		
(a) Materials		
Opening Stock of Material	40,79,94,252	36,04,09,707
Add : Purchases	1,85,75,80,783	2,12,56,90,052
	<b>2,26,55,75,035</b>	<b>2,48,60,99,759</b>
Less : Closing Stock	42,10,12,753	40,79,94,252
	<b>1,84,45,62,282</b>	<b>2,07,81,05,507</b>
(b) Sub-Contracting and Transportation Expenses	3,08,31,73,929	2,18,66,26,234
(c) Power and Fuel	22,17,26,542	19,64,24,822
(d) Value Added Tax, Service Tax & Labour Cess	24,14,80,720	20,45,62,736
(e) Repairs, Rent & Maintenances to Plant & Machineries and Vehicles	62,19,36,329	43,90,44,936
(f) Insurance	1,12,15,055	1,51,02,484
(g) Site Expenses	42,99,79,597	68,83,19,620
	<b>6,45,40,74,454</b>	<b>5,80,81,86,339</b>

## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	(Amount in ₹)	
	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE – K</b>		
<b>EMPLOYEES REMUNERATION &amp; WELFARE EXPENSES</b>		
(a) Salaries, Wages, Gratuity and Bonus	29,57,17,411	20,72,59,111
(b) Contribution to Provident Fund, etc.	1,76,92,658	1,28,93,956
(c) Welfare Expenses	11,88,790	11,18,774
	<b>31,45,98,859</b>	<b>22,12,71,841</b>
<b>SCHEDULE – L</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
(a) Rates & Taxes	23,90,397	64,36,272
(b) Printing and Stationery	10,83,607	11,52,192
(c) Telephone and Postage	22,88,160	19,19,368
(d) Advertisement	3,53,475	14,81,907
(e) Travelling & Conveyance	9,20,353	7,42,484
(f) Business Promotion	25,18,831	10,06,927
(g) Electricity Charges	18,63,991	17,90,430
(h) Professional Fees	1,42,76,879	1,22,84,208
(i) Office Maintenance	92,27,692	84,42,521
(j) Tender Expenses	1,62,65,768	98,26,254
(k) Bank charges	1,07,49,353	51,12,848
(l) Directors Remuneration	2,72,38,973	2,66,04,125
(m) Commission to Non-Executive Directors	25,00,000	20,00,000
(n) Auditor's Remuneration	12,65,429	8,02,718
(o) General Expenses	25,94,260	12,56,309
(p) Loss on Sale of Assets	—	1,28,59,981
(q) Donation	4,85,000	2,00,000
	<b>9,60,22,168</b>	<b>9,39,18,544</b>
<b>SCHEDULE – M</b>		
<b>FINANCIAL COST</b>		
Interest Paid to :		
(a) Banks	12,37,08,904	12,09,52,502
(b) Institutions	4,27,93,795	1,93,02,490
(c) Others	5,80,06,724	5,76,53,939
	<b>22,45,09,423</b>	<b>19,79,08,931</b>
Less : (a) Interest Earned (TDS of ₹ 53,67,558/-) (Previous Year ₹ 39,90,514/-)	8,66,07,257	4,59,09,356
(b) Profit/(Loss) on Foreign Exchange Fluctuation	(65,02,459)	1,70,10,968
	<b>14,44,04,625</b>	<b>13,49,88,607</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax and Extraordinary Items	33,49,75,625	37,57,40,889
<b>Add/(Deduct) Adjustment for :</b>		
Depreciation	9,51,83,177	9,01,78,418
Financial cost	22,45,09,423	19,79,08,931
Dividend on Investment	(9,23,881)	(7,74,068)
Rent from Property	(5,55,02,904)	(5,44,69,248)
Miscellaneous Income	(2,76,87,687)	(2,11,66,129)
Interest Earned	(8,66,07,257)	(4,59,09,356)
Loss/(Profit) on Foreign Exchange	65,02,459	(1,70,10,968)
Loss/(Profit) on Sale of Fixed Assets	(94,35,514)	1,28,59,981
Profit on Sale of Long Term Investment	(4,81,99,703)	(12,73,62,492)
<b>Operating Profit Before Working Capital Changes</b>	<b>43,28,13,738</b>	40,99,95,958
<b>Adjustment for :</b>		
Trade and Other Receivables	(72,03,90,361)	(33,85,95,175)
Inventories/WIP	5,67,69,979	(8,48,23,615)
Trade and other Payables	61,06,31,388	44,44,02,192
<b>Cash Generated From Operations</b>	<b>37,98,24,744</b>	43,09,79,360
Direct Taxes (Paid)	5,89,00,521	(10,75,06,141)
Prior year adjustments	(5,19,47,864)	(20,64,119)
<b>Net Cash Flow from Operating Activities</b>	<b>38,67,77,401</b>	32,14,09,100
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(30,27,36,415)	(10,06,58,126)
Proceeds from Sale of Fixed Assets	7,44,25,180	1,69,97,213
Proceeds from Sale of Investments	(3,11,93,392)	13,99,43,766
Advance to Subsidiary Companies	(65,75,23,447)	(31,68,70,000)
Dividend on Investment	9,23,881	7,74,068
Interest Earned	8,66,07,257	4,59,09,356
Profit/(Loss) on Foreign Exchange	(65,02,459)	1,70,10,968
Rent and Miscellaneous Receipts	8,31,90,591	7,56,35,377
<b>Net Cash Flow From Investing Activities</b>	<b>(75,28,08,804)</b>	(12,12,57,378)



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011 — (Contd.)

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	95,00,000	65,00,000
Proceeds from Share Premium	2,75,50,000	1,88,50,000
Proceeds from Long Term Borrowings	62,38,26,462	18,11,83,549
Financial Cost	(22,45,09,423)	(19,79,08,931)
Dividend Paid	(2,78,70,038)	(2,15,16,030)
Dividend Tax Paid	(47,36,513)	(36,56,649)
<b>Net Cash Used in Financing Activities</b>	<b>40,37,60,488</b>	<b>(1,65,48,061)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>3,77,29,085</b>	<b>18,36,03,661</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>50,43,78,878</b>	<b>32,07,75,217</b>
<b>Closing Balance of Cash and Cash Equivalents (Ref: Schedule G (4) )</b>	<b>54,21,07,963</b>	<b>50,43,78,878</b>

As per our report of even date  
For **D. M. JANI & CO.**  
Chartered Accountants

For and on behalf of the Board

**Dilip M. Jani**  
Proprietor

**Kavita Valecha Sharma**  
Company Secretary

**Anil Harish**  
Chairman

**J. K. Valecha**  
Managing Director

Place : Mumbai.

Date : 27th May, 2011.

**SCHEDULE – N**

**NOTES FORMING PART OF THE ACCOUNTS AS AT 31st MARCH, 2011.**

**(1) Significant Accounting Policies :**

**A. Basis of Preparation of Accounts :**

- i. The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, subject to what is stated herein below, as adopted consistently by the Company.
- ii. The Company follows accrual system of accounting except otherwise stated.

**B. Fixed Assets :**

- i. Fixed Assets are stated at cost, less accumulated depreciation. However, Fixed Assets which were revalued by the Company as on 31st March, 1992 are stated at their revalued amount.
- ii. The cost of a Fixed Asset comprises its purchase price and any direct attributable cost for bringing the asset in an operational condition for its intended use.

**C. Depreciation :**

- i. Depreciation on Fixed Assets is calculated on “Straight Line Method” at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- ii. Depreciation on Revalued Assets, is calculated on their respective book values, at the rates considered applicable by the valuers. The additional charge of depreciation on account of revaluation is withdrawn from the Revaluation Reserve and credited to the Profit and Loss Account.

**D. Work-in progress :**

Work-in-progress is valued at Cost or Net Realisable value whichever is Lower.

**E. Inventories :**

The inventories of materials on hand at the end of the year are valued at lower of cost or net realisable value. The cost is being determined on First-in First-out method.

**F. Accounting Estimates :**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the results are known/materialised.

**G. Investments :**

Long term Investments are stated at cost. It includes Office Premises in Valecha Chambers on which depreciation not provided for as Investment in properties in accordance with Accounting Standard (AS-13) issued by the Institute of Chartered Accountants of India.

**H. Disclosure of the Revenue Recognition as per Accounting Standard – 7 :**

a. On Contracts :

- i. The Company follows the “Percentage of Completion Method” of accounting for all contracts in accordance with “Accounting Standard-7” - “Accounting for Construction Contracts” issued by the Institute of Chartered Accountants of India. The revenue from the execution of contracts is recognised proportionately with the degree of completion achieved under each contract, matching revenue with expenses incurred and after considering the total contract value and associated costs.

Disclosure as required under Accounting Standard – 7 for the contracts awarded after 01.04.2003 are given below

(₹ in lacs)

Sr. No.	Particulars	31.03.2011	31.03.2010
I.	Contract Revenue Recognised as revenue in the period	72,975.09	65,205.13
II.	Contract Costs Recognised as expenses in the period	66,953.01	60,001.74
III.	Recognised Profit	6,022.08	5,188.43
IV.	Progress Billings in the period	72,975.09	65,205.13
V.	Amount Due from customers (Amount Receivable – Bills)	18,775.62	14,224.28
VI.	Amount Due to customers (Mobilisation/Machinery advance)	3,549.10	3,677.61

- ii. Contract prices are either fixed or subject to price escalation clause. Amounts due in respect of price escalation and/or variation in contract work approved by the customers are recognised as revenue only when there are conditions in the Contracts for such claims or variations and/or evidence of the acceptability of the same from customers.
- iii. Uncertified work-in-progress is recognised as revenues and is valued at the lower of cost and net realizable value upto the stage of completion. Cost includes direct material, labour cost and appropriate overheads.
- iv. Contracts executed in Joint Ventures under work sharing arrangement (Consortium) are accounted in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed. In case where the contracts are executed independently by the Joint Ventures the share of profit/(Loss) is recognized as an income/(Loss) in the Books of account of the Company in the year in which the relative contract/s is/are completed/Income received.
- v. Site development including initial expenses (shown in work in progress) thereon is charged to the projects from the date of its revenue recognition.

b. Extraordinary Income :

Extraordinary Income of ₹ 4,81,99,703/- (Previous Year – ₹ 12,73,62,492/-) pertains to Profit on Sale of 8,00,000 Nos. (Previous Year 10,21,400 Nos.) of Shares of M/s. Jyoti Structures Ltd.

**I. Advances from Customers and Progress payments :**

- i. Advances received from customers in respect of contracts are treated as liabilities.
- ii. Progress payments received are adjusted against amounts receivable from customers in respect of the contract of work performed.
- iii. Amounts retained by the customers until the satisfactory completion of the contracts are recognised in the financial statements as receivables. Where such retention has been released by the customers against submission of Bank Guarantees, the amount so released is adjusted against receivables from the customers and the value of the Bank Guarantees is disclosed as contingent liability.

**J. Employees' Retirement and other Benefits :**

i. Defined Contribution Plan :

The Company's contribution to provident fund is charged to Profit and Loss account.

ii. Defined Benefit Plan :

The Company's Liability towards Gratuity are determined by Independent actuaries using the projected credit method. Actual gain and losses are recognised immediately in the Income and Expenses. Obligation is measured at the Present value of the estimated future cash flow using a discounted rate i.e. determined by the market yield at the Balance Sheet date.

The following table set out the funded status of the Gratuity plan and the amount recognised by the Company's financial statements as at 31st March, 2011.

Sr. No.	Particulars	Amount (₹ in lacs)
1.	Changes in Present Value of Obligations	
	Present value of Obligations as at beginning of year	95.87
	Interest Cost	7.67
	Current Service Cost	13.83
	Benefits paid	(2.49)
	Actuarial (Gain)/Loss on Obligations	14.78
	Present value of obligations as at end of year	129.66
2.	Changes in the fair Value of Plan Assets	
	Fair value of plan assets at beginning of year	75.72
	Expected return on plan assets	6.91
	Contributions	4.39
	Benefits paid	(2.49)
	Actuarial (Gain)/Loss on Plan assets	Nil
	Fair value of plan assets at the end of year	84.53

Sr. No.	Particulars	Amount (₹ in lacs)
3.	The amounts to be recognized in the Balance Sheet & Profit and Loss Account	
	Present value of obligations as at the end of year	129.66
	Fair value of plan assets as at the end of the year	84.53
	Funded status	(45.13)
	Liability recognized in Balance Sheet	45.13
4.	Expenses Recognised in Profit & Loss Account	
	Current Service Cost	13.83
	Interest Cost	7.67
	Expected return on plan assets	(6.91)
	Net Actuarial (Gain)/Loss recognized in the year	14.78
	Expenses recognized in Profit & Loss Account	29.37

iii. The Company does not have scheme of leave encashment.

**(2) Issue of Preferential Warrants and Equity Shares during the year :**

- i. Out of the allotted 16,00,000 Preferential Warrants with an option to subscribe to equity shares on a future date, in respect of 6,50,000 warrants, the Company had received the entire issue price for which equity shares were allotted with the nominal value of ₹ 10/- each with a premium of ₹ 29/- per share during the year 2009-10. Further in respect of 9,50,000 warrants, the Company has received the entire issue price for which equity shares were allotted with the nominal value of ₹ 10/- each with a premium of ₹ 29/- per share, during the year.

Consequent to the above, Share Capital is increased by ₹ 95,00,000/- and the Share Premium account by ₹ 2,75,50,000/- during the year.

- ii. During the year the Company has allotted additional 35,00,000 preferential warrants at ₹ 107.54 per warrant as approved in the Extra Ordinary General Meeting held on 24th April 2010. In respect of these 35,00,000 warrants, the company has received ₹ 9,45,00,000/- being the 25% of the issue price as advance.

**(3) Contingent Liability :**

**Contingent Liabilities are not provided for and are disclosed by way of notes :**

- i. Bank Guarantees and Letter of Credits outstanding amounting to ₹ 29,148.85 lacs (Previous Year ₹ 24,392.51 lacs).
- ii. Corporate Guarantee issued in favour of the Lenders on behalf of their ultimate subsidiary towards the Project Finance of the Toll Project. Loan amount outstanding as at 31.03.2011 was ₹ 4,471.00 lacs (Previous year Nil).

**(4) Provision for Taxes :**

- i. Current Tax :

The Provision for Income Tax is determined in accordance with provisions of Income Tax Act 1961.

- ii. Deferred Tax Provision :

Deferred Tax charge or credit is recognized on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. It is calculated using the applicable tax rates and tax laws that have been enacted by the Balance Sheet date.

Deferred Tax Liability at the Year end comprises timing difference of :

(₹ in lacs)

	Deferred Tax Liabilities (At Beginning of the Year)	Charged to P & L A/c. (During the Year)	Deferred Tax Liabilities (At End of the Year)
Depreciation – Current	<b>1,819.80</b>	<b>234.81</b>	<b>2,054.61</b>
– Previous	1,585.63	234.17	1,819.80

**(5) Foreign Currency Transaction :**

- i. Transactions denominated in Foreign Currency are normally recorded at Exchange Rate prevailing at the time of transactions.
- ii. Current asset/Investments denominated in Foreign Currency are translated at the rate prevailing at the end of the year and the net gain/loss is recognized in Profit and Loss Account by reducing/increasing it from the Financial Costs.

**(6) Segment reporting :**

The Company considers its operations as one single segment i.e. “Construction Activity” and as such, AS-17 is not applicable.

**(7) Related Party Disclosure :**

Disclosure as required by the Accounting Standard 18 “Related Party Disclosures” are given below:-

<b>Name of the Related Party</b>	<b>Nature of Relationship</b>	<b>% of Profit</b>
<b>(A) Particulars of Subsidiary &amp; Associate Companies</b>		
1. Valecha Infrastructure Ltd.	Wholly Owned Subsidiary Company	100%
2. Valecha International (FZE)	Wholly Owned Subsidiary Company	100%
3. Professional Realtors Pvt. Ltd.	Wholly Owned Subsidiary Company	100%
4. Valecha LM Toll Pvt. Ltd.	Subsidiary Company	74%
5. Gopaldas Vasudev Construction Pvt. Ltd.	Associate Company	Nil
6. Valecha Investment Pvt. Ltd.	Associate Company	Nil
7. Valecha Reality Ltd.	Associate Company	Nil
8. Bhubaneshwar Expressways Pvt. Ltd.	Associate Company	Nil
<b>(B) Particulars of Joint Ventures &amp; Consortium</b>		
1. Ashoka – Valecha (Joint Venture)	Joint Venture Member	
2. Valecha - ECCI (Joint Venture)	Joint Venture Member	
3. Valecha - TBL (Joint Venture)	Joint Venture Member	
4. Valecha - Singla (Consortium)	Consortium Member	
5. Valecha - SGG (Joint Venture)	Joint Venture Member	
6. Valecha - Transtunnelstroy (Joint Venture)	Joint Venture Member	
7. Valecha – Multitech (JV)	Joint Venture Member	
8. KSSIPL – VEL (JV)	Joint Venture Member	
<b>(C) Key Management Personnel</b>		
1. Anil Harish	Chairman	
2. Jagdish K. Valecha	Managing Director	
3. Umesh H. Valecha	Whole Time Director	
4. Dinesh H. Valecha	Whole Time Director	
5. Arvind Thakkar	Director	
6. G. Ramachandran	Director	

	(₹ in lacs)	
	<b>2010-11</b>	2009-10
<b>(D) Transactions with Associate Companies</b>		
1. Advance Share Application Money Received	<b>459.00</b>	56.06
2. Deposit/Loans/Repayment received during the year	<b>369.14</b>	2,109.20
3. Deposit/Loans given/Repaid during the year	<b>1,169.64</b>	1,846.54
4. Rent Received	—	6.45
5. Interest Received	<b>219.05</b>	201.73
6. Outstanding Balance – Amount Receivables	<b>1,183.03</b>	382.53
<b>(E) Transactions with Subsidiary Company</b>		
1. Equity Contribution	<b>204.06</b>	23.33
2. Deposit/Loans/Repayment received during the year	<b>9,799.80</b>	39.00
3. Deposit/Loans given/Repaid during the year	<b>16,030.44</b>	3,207.70
4. Outstanding Balance – Amount Receivable	<b>15,861.89</b>	9,631.25
<b>(F) Transactions with Joint Ventures &amp; Consortium</b>		
1. Sales	<b>15,636.01</b>	2,362.21
2. Fees Received	<b>78.31</b>	—
3. Outstanding Balance – Amount Receivables	<b>2,916.56</b>	550.43

(₹ in lacs)

<b>(G) Transactions with Persons referred to in Item (C) above</b>	<b>2010-2011</b>	2009-2010
1. Remuneration	<b>272.39</b>	266.04
2. Sitting Fees	<b>0.85</b>	0.65
3. Commission	<b>25.00</b>	20.00

**(8) Remuneration to Directors :**

The amount paid or provided by way of remuneration to the Managing Director and the Whole Time Directors are as under :

(₹ in lacs)

	<b>2010-2011</b>	2009-2010
<b>(I) For Managing Director</b>		
(i) Salary, Allowance & Incentives	<b>116.67</b>	57.10
(ii) Perquisites	<b>4.62</b>	3.79
<b>Total</b>	<b>121.29</b>	60.89
<b>(II) For Whole Time Directors</b>		
(i) Salary, Allowance & Incentives	<b>148.60</b>	202.25
(ii) Perquisites	<b>2.50</b>	2.90
<b>Total</b>	<b>151.11</b>	205.15
<b>(III) Total</b>	<b>272.39</b>	266.04

**(9) Commission to Non-Executive Directors :**

Computation of Net Profit in accordance with the Company's Act, 1956.

(₹ in lacs)

	<b>2010-2011</b>	2009-2010
Profit Before Tax as per Profit & Loss Account	<b>3,349.76</b>	3757.40
Add : (1) Depreciation Provided in the Books	<b>951.83</b>	901.78
(2) Loss on Sale of Assets	—	128.60
	<b>4,301.59</b>	4,787.78
Less : (1) Depreciation under section 350 of the Company's Act, 1956	<b>951.83</b>	901.78
(2) Profit on Sale of Investments	<b>482.00</b>	1273.62
(3) Profit on Sale of Assets	<b>94.35</b>	—
	<b>2,773.41</b>	2,612.38
Commission up to 1% thereof	<b>27.73</b>	26.12
Restricted by the Board of Directors of the Company	<b>25.00</b>	20.00

**(10) Remuneration to Auditor :**

(₹ in lacs)

	2010-2011	2009-2010
1. Audit Fee (*Includes Fees for Previous Year ₹ 2.00 lacs)	10.50	7.00
2. Certification & Others	2.15	1.03
Total	12.65	8.03

**(11) Additional Information pursuant to the provision of part II Schedule VI to the Companies Act, 1956 :**

	2010-11	2009-10
	(₹ in lacs)	(₹ in lacs)
In respect of Foreign Exchange :		
(a) Foreign Exchange Receipts		
Receipts from Operation	—	1,080.67
(b) Expenditure in Foreign Currency		
i. C.I.F. Value of Imports		
(a) Capital Goods	958.25	110.73
(b) Components & Spare Parts	171.67	35.83
ii. Traveling Expenses & Others	2.21	23.25
(c) Outward Remittances	Nil	1,456.50
	No. of NRI Shareholders	No. of Shares
(d) Remittance of Dividend in Foreign Currency		(₹ in lacs)
In Respect of Financial Year 2009-10	189	1224754
In Respect of Financial Year 2008-09	216	1807755

**(12) Earning Per Share :**

Sr. Particulars No.	2010-11	2009-10
1. Net Profit after Tax (With Extraordinary Income) (₹ in lacs)	2,479.32	2,965.93
Less : Extraordinary Income (₹ in lacs)	482.00	1,273.62
2. Net Profit after Tax & Extraordinary Income (₹ in lacs)	1,997.32	1,692.31
3. Weighted average Number of shares for Basic EPS (Numbers in lacs)	190.34	179.84
4. Weighted average Number of shares for Diluted EPS (Numbers in lacs)	225.34	189.34
5. Basic Earning Per share (₹)		
With Extraordinary Income	13.03	16.49
Without Extraordinary Income	10.49	9.41
6. Diluted Earning Per share (₹)		
With Extraordinary Income	11.00	15.66
Without Extraordinary Income	8.86	8.94

(13) Since the principal business of the Company is construction activity quantitative data in respect of trading and manufacturing activities carried out by the Company as required by Part II of schedule VI to the Company's Act 1956 is not furnished.

(14) The Company has not received any information from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006. (The Act) and hence disclosures required under the said act have not been given.

The Company is making efforts to get the confirmation from the suppliers as regards their status under the Act. However, none of the supplier has confirmed the same.

(15) The previous years' figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

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As per our report of even date  
For **D. M. JANI & CO.**  
Chartered Accountants

For and on behalf of the Board

**Dilip M. Jani**  
Proprietor

**Kavita Valecha Sharma**  
Company Secretary

**Anil Harish**  
Chairman

**J. K. Valecha**  
Managing Director

Place : Mumbai.

Date : 27th May, 2011.



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.	L74210MH1977PLC019535
State Code	11
Balance Sheet Date	31.03.2011

### II. Capital Raised during the year

(Amount in ₹ Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	9,500

### III. Position of Mobilisation & Development of Funds

(Amount in ₹ Thousands)

Source of Funds

Total Liabilities	50,69,609	Total Assets	50,69,609
Paid-up Capital	1,95,300	Reserves & Surplus	24,04,234
Secured Loans	18,66,529	Unsecured Loans	3,98,085
		Deferred Tax Liability	2,05,461

Application of Funds

Net Fixed Assets	15,58,220	Investments	1,62,277
Net Current Assets	33,49,112	Share Issue Expenses	NIL
		Accumulated Losses	NIL

### IV. Performance of Company

(Amount in ₹ Thousands)

Total Income*	74,39,259	Total Expenditure	71,04,283
Profit/(Loss) Before Tax	3,34,976	Profit/(Loss) After Tax	2,47,932
Earning per Share (₹)		Dividend Rate	16%
Basic	13.03		
Diluted	11.00		
With Extraordinary Income	10.49		
Without Extraordinary Income	8.86		

### V. Generic Names of Principal Products/ Services of the Company

(As per Monetary basis) Item Code No.

NIL
-----

Products Description

Infrastructure Development and Real Estate Development
--

\* after considering Extraordinary Income

As per our report of even date

For **D. M. JANI & CO.**

Chartered Accountants

**Dilip M. Jani**

Proprietor

Place : Mumbai.

Date : 27th May, 2011.

For and on behalf of the Board

**Kavita Valecha Sharma**

Company Secretary

**Anil Harish**

Chairman

**J. K. Valecha**

Managing Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY AS ON 31.3.2011**

Name of Subsidiary	Valecha Infrastructures Ltd.	Valecha LM Toll Pvt. Ltd.	Valecha International FZE	Professional Realtors Pvt. Ltd.
Number of Shares held and extent of holding thereof by the holding company as on 31.3.2011.				
(a) The number of equity shares of ₹ 10/- each fully paid	50,000	37,99,900	1 (Face value as on 31.3.2011 ₹ 18.21 lacs)*	10,000
(b) Extent of Holding in percentage terms.	100%	74%	100%	100%
The net aggregate Profits or (losses) of the subsidiary company of the current financial year so far as it concerns the members of the holding company.				
(a) Dealt with or provided in the accounts of the holding company	Nil	Nil	Nil	Nil
(b) Not dealt with or provided in the accounts of the holding company (₹ in lacs)	53.24	Nil	Nil	0.02
The net aggregate profits or (losses) of the subsidiary company for the previous financial years so far as it concerns the members of the holding company.				
(a) Dealt with or provided in the accounts of the holding company	Nil	Nil	Nil	Nil
(b) Not dealt with or provided in the accounts of the holding company (₹ in lacs)	38.97	Nil	Nil	Nil

**FINANCIAL INFORMATION REGARDING SUBSIDIARY COMPANIES**
**FOR THE FINANCIAL YEAR 2010-11**

(₹ in lacs)

Sr. No.	Name of the Subsidiary Company	Valecha Infrastructure Ltd	Valecha LM Toll Pvt Ltd	Valecha International FZE	Professional Realtors Pvt. Ltd
1.	Capital	5.00	510.00	18.21*	1.00
2.	Reserves	151.16	494.00	—	—
3.	Total Assets	16,907.43	13,393.50	1,410.22	21.00
4.	Total Liabilities	16,907.43	13,393.50	1,410.22	21.00
5.	Investments (except in case of investment in subsidiaries)	8,277.58	—	—	—
6.	Turnover	—	—	—	—
7.	Other Income (Dividend Income)	53.71	—	—	—
8.	Profit Before Tax	53.24	—	—	0.02
9.	Provision for Tax	—	—	—	—
10.	Profit After Tax	53.24	—	—	0.02

\* AED 150000 @ INR 12.1401 as on 31.3.2011

Notes :

- Please refer to Consolidated Financial Statements and Notes appearing there on.
- The Board of Directors in their meeting held on 27th May, 2011 have passed the resolution for not attaching the financials of the Subsidiary Company/(ies) to the financials of the Company for the Financial year 2010-11, vide general circular no. 2/2011 dated 08.02.2011 issued by Ministry of Corporate Affairs.
- The members if they desire, may write to the company at the Registered Office situated at Valecha Chambers, 4th floor, Andheri New Link Road, Andheri (W), Mumbai-53 to obtain a copy of the financials of its subsidiary companies.
- The annual accounts of the Subsidiary Companies can be inspected by the members at the Registered Office of the Company.

## AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### TO THE BOARD OF DIRECTORS OF VALECHA ENGINEERING LIMITED

We have audited the attached Consolidated Balance Sheet of VALECHA ENGINEERING LIMITED (“the Company”) and its subsidiaries (the company and its subsidiaries constitute ‘the Group’) as at 31st March, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company’s management and have been prepared by the management on the basis of separate financial statements and other financial information regarding the subsidiaries. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. Those Standard require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on “Consolidated Financial Statements”, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the Consolidated Financial Statements give a true & fair view in conformity with the Accounting Principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2011;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **D. M. JANI & CO.**  
FRN: 104047W  
*Chartered Accountants*

**DILIP M. JANI**  
*Proprietor*  
Membership No. 17259

Place : Mumbai  
Date : 27th May, 2011.

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011**

(Amount in ₹)

	SCHEDULE	As at 31st March, 2011		As at 31st March, 2010	
<b>I SOURCES OF FUNDS :</b>					
<b>1. Shareholders' Funds :</b>					
(a) Share Capital	<b>A</b>	<b>19,53,00,250</b>		18,58,00,250	
(b) Reserves & Surplus	<b>B</b>	<b>2,41,93,49,018</b>	<b>2,61,46,49,268</b>	2,22,75,01,414	2,41,33,01,664
(c) Minority Interest			<b>6,24,01,000</b>		—
<b>2. Loan Funds :</b>					
(a) Secured Loans	<b>C</b>	<b>2,54,37,68,618</b>		1,47,41,58,656	
(b) Unsecured Loans	<b>D</b>	<b>46,36,35,000</b>	<b>3,00,74,03,618</b>	16,66,28,500	1,64,07,87,156
<b>3. Deferred Tax Liability :</b>			<b>20,54,61,406</b>		18,19,80,058
<b>Total</b>			<b>5,88,99,15,292</b>		<b>4,23,60,68,878</b>
<b>II APPLICATION OF FUNDS :</b>					
<b>1. Fixed Assets :</b>	<b>E</b>				
(a) Gross Block		<b>1,98,48,61,222</b>		1,76,81,88,606	
(b) Less : Depreciation		<b>42,59,86,147</b>		35,18,38,822	
(c) Net Block			<b>1,55,88,75,075</b>		1,41,63,49,784
(d) Capital Work-in-Progress			<b>1,29,10,65,594</b>		—
<b>2. Investments</b>	<b>F</b>		<b>98,76,13,644</b>		90,83,08,144
<b>3. Current Assets, Loans &amp; Advances :</b>	<b>G</b>				
(a) Inventories		<b>42,10,12,753</b>		40,79,94,252	
(b) Work-in-Progress		<b>6,88,06,187</b>		8,30,09,823	
(c) Sundry Debtors		<b>1,62,46,82,084</b>		1,42,24,27,573	
(d) Cash & Bank Balances		<b>74,04,83,722</b>		50,72,69,584	
(e) Loans & Advances		<b>1,73,00,41,366</b>		1,50,17,34,062	
		<b>4,58,50,26,112</b>		3,92,24,35,294	
<b>Less : Current Liabilities and Provisions</b>	<b>H</b>				
(a) Current Liabilities		<b>2,49,79,27,278</b>		1,97,84,17,793	
(b) Provisions		<b>3,63,17,253</b>		3,26,06,551	
		<b>2,53,42,44,531</b>		2,01,10,24,344	
<b>Net Current Assets</b>			<b>2,05,07,81,581</b>		1,91,14,10,950
<b>4. Miscellaneous Expenditure (to the extent not written off)</b>			<b>15,79,398</b>		—
<b>Total</b>			<b>5,88,99,15,292</b>		<b>4,23,60,68,878</b>
<b>Notes to the Accounts</b>	<b>N</b>				

As per our report of even date  
For **D. M. JANI & CO.**  
Chartered Accountants

For and on behalf of the Board

**Dilip M. Jani**  
Proprietor

**Kavita Valecha Sharma**  
Company Secretary

**Anil Harish**  
Chairman

**J. K. Valecha**  
Managing Director

Place : Mumbai.

Date : 27th May, 2011.

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

(Amount in ₹)

	SCHEDULE	As at 31st March, 2011		As at 31st March, 2010	
<b>INCOME</b>					
Receipts from Operations			7,29,75,09,219		6,52,05,12,701
Other Income	I		9,89,21,386		8,03,24,445
<b>Total Revenue</b>			<b>7,39,64,30,605</b>		<b>6,60,08,37,146</b>
<b>EXPENDITURE</b>					
Construction Expenses	J		6,45,40,74,454		5,80,81,86,339
Employees' Remuneration & Welfare Expenses	K		31,45,98,859		22,12,71,841
Administrative & Other Expenses	L		9,60,69,118		9,39,36,851
Financial Cost	M		14,44,04,625		13,49,88,607
Depreciation/Amortisation		9,58,77,183		9,08,72,424	
Less : Amount withdrawn from Revaluation Reserve		6,94,006	9,51,83,177	6,94,006	9,01,78,418
<b>Total</b>			<b>7,10,43,30,233</b>		<b>6,34,85,62,056</b>
<b>PROFIT BEFORE EXTRAORDINARY INCOME &amp; TAX</b>					
			29,21,00,372		25,22,75,090
Add : Extraordinary Income			4,81,99,703		12,73,62,492
<b>PROFIT BEFORE TAX</b>			<b>34,03,00,075</b>		<b>37,96,37,582</b>
Provision for Tax :					
Current Tax		6,35,62,000		5,57,31,000	
Deferred Tax		2,34,81,348	8,70,43,348	2,34,17,012	7,91,48,012
<b>PROFIT AFTER TAX</b>			<b>25,32,56,727</b>		<b>30,04,89,570</b>
Add : Balance Brought Forward from Last Year			1,21,06,53,146		97,48,34,246
Prior Year Adjustments for Taxes & Others			(5,19,47,864)		(20,64,119)
Profit for Appropriation			<b>1,41,19,62,009</b>		<b>1,27,32,59,697</b>
<b>APPROPRIATIONS</b>					
Proposed Dividend			3,12,48,040		2,78,70,038
Tax on Dividend			50,69,213		47,36,513
Transfer to General Reserves			3,00,00,000		3,00,00,000
Balance carried to Balance-Sheet			<b>1,34,56,44,756</b>		<b>1,21,06,53,146</b>
			<b>1,41,19,62,009</b>		<b>1,27,32,59,697</b>
<b>Notes to the Accounts</b>					
<b>Earning Per Share (in ₹)</b>					
Basic – With Extraordinary Income			13.31		16.71
– Without Extraordinary Income			10.77		9.63
Diluted – With Extraordinary Income			11.24		15.87
– Without Extraordinary Income	N		9.10		9.14

As per our report of even date  
For **D. M. JANI & CO.**  
Chartered Accountants

For and on behalf of the Board

**Dilip M. Jani**  
Proprietor

**Kavita Valecha Sharma**  
Company Secretary

**Anil Harish**  
Chairman

**J. K. Valecha**  
Managing Director

Place : Mumbai.  
Date : 27th May, 2011.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

(Amount in ₹)

	As at 31st March, 2011		As at 31st March, 2010	
<b>SCHEDULE – A</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised :</b>				
3,50,00,000 (Previous Year 3,50,00,000) Equity Shares of ₹ 10/- each		<b>35,00,00,000</b>		35,00,00,000
<b>Issued &amp; Subscribed :</b>				
1,95,30,025 (Previous Year 1,85,80,025) Equity Shares of ₹ 10/- each fully paid-up.		<b>19,53,00,250</b>		18,58,00,250
(Of the above Shares 10,00,000 Shares (F.Y. 1993-1994) 15,00,000 Shares (F.Y. 2002-2003) 39,84,450 Shares (F.Y. 2007-2008) and 59,76,675 Shares (F.Y. 2008-09) are allotted as fully paid-up by way of Bonus Shares by capitalisation of General Reserve).		<b>19,53,00,250</b>		18,58,00,250
<b>SCHEDULE – B</b>				
<b>RESERVES AND SURPLUS</b>				
<b>1. Revaluation Reserve :</b>				
Balance as per last Balance-Sheet	<b>94,32,786</b>		1,01,26,792	
Less : Difference in depreciation on revalued cost of assets and that on its original cost	<b>6,94,006</b>	<b>87,38,780</b>	6,94,006	94,32,786
<b>2. Share Premium Account :</b>				
Balance as per last Balance Sheet	<b>81,29,34,609</b>		79,40,84,609	
Additions during the year	<b>2,75,50,000</b>	<b>84,04,84,609</b>	1,88,50,000	81,29,34,609
<b>3. General Reserve :</b>				
Balance as per last Balance-Sheet	<b>19,44,80,873</b>		16,44,80,873	
Add : Transfer from Profit & Loss Account	<b>3,00,00,000</b>	<b>22,44,80,873</b>	3,00,00,000	19,44,80,873
<b>4. Profit &amp; Loss Account :</b>				
Transferred from Profit & Loss Account		<b>1,34,56,44,756</b>		1,21,06,53,146
		<b>2,41,93,49,018</b>		2,22,75,01,414

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

(Amount in ₹)

	As at 31st March, 2011	As at 31st March, 2010
<b>SCHEDULE – C</b>		
<b>SECURED LOANS</b>		
1. Banks		
Cash Credit against Book Debts	32,96,23,593	46,97,24,201
Term Loans (Project Finance)	44,71,00,000	—
2. Financial Institutions/Banks		
Against Plant & Machinery, Vehicles and Other Current Assets	1,76,70,45,025	1,00,44,34,455
	<b>2,54,37,68,618</b>	<b>1,47,41,58,656</b>
<b>SCHEDULE – D</b>		
<b>UNSECURED LOANS</b>		
1. Fixed Deposits	30,35,85,000	15,73,66,000
(Repayable in next 12 Months ₹ 7,53,81,000/-)		
Previous Year ₹ 2,41,58,000/-)		
2. Advance – Preferential Warrants	9,45,00,000	92,62,500
3. Compulsory Convertible Debentures (CCD)	6,55,50,000	—
	<b>46,36,35,000</b>	<b>16,66,28,500</b>

### SCHEDULE – E

#### FIXED ASSETS & DEPRECIATION

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.04.2010	Addition	Deduction	As at 31.03.2011	Upto 31.03.2010	For the Year	Adjustment	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	16,19,224	6,55,725	1,32,220	21,42,729	—	—	—	—	21,42,729	16,19,224
Buildings	3,69,14,803	—	4,50,000	3,64,64,803	84,28,576	5,94,376	66,055	89,56,897	2,75,07,906	2,84,86,227
Plant & Machinery	1,52,10,91,935	28,93,33,702	7,19,31,382	1,73,84,94,255	26,27,40,889	7,51,45,323	1,17,48,078	32,61,38,134	1,41,23,56,121	1,25,83,51,046
Furniture, Fixtures & Office Equipment	4,72,42,326	87,26,934	—	5,59,69,260	1,91,14,579	29,26,040	—	2,20,40,619	3,39,28,641	2,81,27,747
Vehicles	16,13,20,318	46,75,780	1,42,05,923	15,17,90,175	6,15,54,778	1,72,11,444	99,15,725	6,88,50,497	8,29,39,678	9,97,65,540
<b>Total</b>	1,76,81,88,606	30,33,92,141	8,67,19,525	1,98,48,61,222	35,18,38,822	9,58,77,183	2,17,29,858	42,59,86,147	1,55,88,75,075	1,41,63,49,784
Previous Year	1,70,69,60,918	10,06,58,126	3,94,30,438	1,76,81,88,606	27,05,39,645	9,08,72,424	95,73,247	35,18,38,822	1,41,63,49,784	1,43,64,21,273
Capital Work-in-Progress	—	1,29,10,65,594	—	1,29,10,65,594	—	—	—	—	1,29,10,65,594	—

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

SCHEDULE – F

INVESTMENTS (TRADE) (AT COST)

Particulars	As at 31.03.2011		As at 31.03.2010	
	Qty. Nos.	Book value ₹	Qty. Nos.	Book value ₹
<b>LONG TERM INVESTMENTS (AT BOOK VALUE)</b>				
<b>TRADE INVESTMENTS</b>				
<b>A. QUOTED &amp; FULLY PAID :</b>				
<b>Equity Shares :</b>				
Jyoti Structures Ltd. (Face Value ₹ 2/- Per Share)	54,31,400	83,01,87,503	62,31,400	86,25,87,503
<b>Total</b>		<b>83,01,87,503</b>		<b>86,25,87,503</b>
<b>Non-Convertible Debentures :</b>				
Jyoti Structures Ltd. (Face Value ₹ 120/- Per Debenture) (During the year 778925 Nos. of Non-Convertible Debenture Purchased)	7,78,925	9,34,71,000	—	—
<b>Total</b>		<b>9,34,71,000</b>		<b>—</b>
<b>B. UNQUOTED &amp; FULLY PAID :</b>				
<b>Equity Shares :</b>				
(1) The Saraswat Co-op. Bank Ltd. (Face Value ₹ 10/- each)	2,500	25,000	2,500	25,000
(2) The Janakalyan Sahakari Bank Ltd. (Face Value ₹ 10/- each)	50,000	5,00,000	50,000	5,00,000
(3) Valecha Chambers Condominium (Face Value ₹ 100/- each)	22	2,200	22	2,200
(4) Varun Cements Ltd. (Face Value ₹ 10/- each)	42,800	2,20,000	42,800	2,20,000
(5) Bhubaneshwar Express Ways Pvt. Ltd. (Face Value ₹ 10/- each)	4,000	40,000	—	—
(6) Valecha Reality Ltd. (Face Value ₹ 10/- each)	24,950	2,49,500	—	—
<b>Total</b>		<b>10,36,700</b>		<b>7,47,200</b>
<b>C. INVESTMENT IN WHOLLY OWNED SUBSIDIARY COMPANY</b>				
Professional Realtors Pvt. Ltd. (Face Value ₹ 10/- each)	10,000	1,79,45,000		—
<b>Total</b>		<b>1,79,45,000</b>		<b>—</b>
<b>D. BUILDING VALECHA CHAMBERS</b>				
<b>Abstract :</b>				
A. Quoted : Equity Shares		83,01,87,503		86,25,87,503
: Non-Convertible Debentures		9,34,71,000		—
B. Unquoted		10,36,700		7,47,200
C. Investment in Wholly Owned Subsidiary Company		1,79,45,000		—
D. Building Valecha Chambers		4,49,73,441		4,49,73,441
<b>Grand Total</b>		<b>98,76,13,644</b>		<b>90,83,08,144</b>
<b>Market Value of Quoted Investments in Shares &amp; Debentures</b>		<b>52,68,32,484</b>		<b>1,01,22,90,930</b>



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

(Amount in ₹)

	As at 31.03.2011		As at 31.03.2010	
<b>SCHEDULE – G</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
1. <b>Inventories :</b>				
Closing Stock of Materials (As Certified by the Management)		42,10,12,753		40,79,94,252
		<u>42,10,12,753</u>		<u>40,79,94,252</u>
2. <b>Work in Progress :</b>				
(As Certified by the Management)		6,88,06,187		8,30,09,823
		<u>6,88,06,187</u>		<u>8,30,09,823</u>
3. <b>Sundry Debtors :</b>				
(Unsecured and Considered Good)				
(a) Exceeding Six months		33,98,06,283		26,15,52,363
(b) Within Six Months		1,28,48,75,801		1,16,08,75,210
		<u>1,62,46,82,084</u>		<u>1,42,24,27,573</u>
4. <b>Cash and Bank Balances :</b>				
(a) Cash on Hand		44,85,309		27,14,521
(b) With Scheduled Banks				
(i) In Current Accounts		14,98,14,643		20,44,68,629
(ii) In Escrow Accounts		19,71,08,450		—
(iii) In Deposit Accounts		38,90,75,320		30,00,86,434
(Lien against Bank Guarantees & Letter of Credits ₹ 2,675.05 lacs) (Previous Year ₹ 2,958.60 lacs)				
		<u>74,04,83,722</u>		<u>50,72,69,584</u>
5. <b>Loans and Advances :</b>				
(Unsecured and Considered Good)				
(a) Advances recoverable in cash or in kind or for value to be received		1,17,96,56,332		90,95,80,433
(b) Deposits with Contractees & Others		43,93,86,760		35,86,92,834
(c) Prepaid Taxes (Net of Provisions)				
Advance Tax Paid	24,13,01,885		45,58,42,406	
Less : Provision for Tax	13,03,03,611	11,09,98,274	22,23,81,611	23,34,60,795
		<u>1,73,00,41,366</u>		<u>1,50,17,34,062</u>
<b>SCHEDULE – H</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
1. <b>CURRENT LIABILITIES :</b>				
(a) Sundry Creditors		1,10,91,48,653		82,91,91,950
(b) Advances from Contractees		24,74,89,030		36,77,61,399
(c) Other Liabilities		1,14,12,89,595		78,14,64,444
		<u>2,49,79,27,278</u>		<u>1,97,84,17,793</u>
2. <b>PROVISIONS :</b>				
(a) Proposed Dividend		3,12,48,040		2,78,70,038
(b) Tax on Dividend		50,69,213		47,36,513
		<u>3,63,17,253</u>		<u>3,26,06,551</u>
Note: There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.				

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED  
31st MARCH, 2011**

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE – I</b>		
<b>OTHER INCOME</b>		
(a) Rent (TDS ₹ 26,93,898/-) (Previous Year ₹ 26,05,939/-)	5,55,02,904	5,44,69,248
(b) Dividend : From Long Term Investments	62,95,281	46,89,068
(c) Miscellaneous Income	2,76,87,687	2,11,66,129
(d) Profit on Sale of Assets	94,35,514	—
	<b>9,89,21,386</b>	<b>8,03,24,445</b>
<b>SCHEDULE – J</b>		
<b>CONSTRUCTION EXPENSES</b>		
(a) Materials		
Opening Stock of Material	40,79,94,252	36,04,09,707
Add : Purchases	1,85,75,80,783	2,12,56,90,052
	<b>2,26,55,75,035</b>	<b>2,48,60,99,759</b>
Less : Closing Stock	42,10,12,753	40,79,94,252
	<b>1,84,45,62,282</b>	<b>2,07,81,05,507</b>
(b) Sub-Contracting and Transportation Expenses	3,08,31,73,929	2,18,66,26,234
(c) Power and Fuel	22,17,26,542	19,64,24,822
(d) Value Added Tax, Service Tax & Labour Cess	24,14,80,720	20,45,62,736
(e) Repairs, Rent & Maintenances to Plant & Machinery and Vehicles	62,19,36,329	43,90,44,936
(f) Insurance	1,12,15,055	1,51,02,484
(g) Site Expenses	42,99,79,597	68,83,19,620
	<b>6,45,40,74,454</b>	<b>5,80,81,86,339</b>

## SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE – K</b>		
<b>EMPLOYEES REMUNERATION &amp; WELFARE EXPENSES</b>		
(a) Salaries, Wages, Gratuity and Bonus	29,57,17,411	20,72,59,111
(b) Contribution to Provident Fund, etc.	1,76,92,658	1,28,93,956
(c) Welfare Expenses	11,88,790	11,18,774
	<b>31,45,98,859</b>	<b>22,12,71,841</b>
<b>SCHEDULE – L</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
(a) Rates & Taxes	24,07,897	64,42,599
(b) Printing and Stationery	10,83,607	11,52,192
(c) Telephone and Postage	22,88,160	19,19,368
(d) Advertisement	3,53,475	14,81,907
(e) Travelling & Conveyance	9,20,353	7,42,484
(f) Business Promotion	25,18,831	10,06,927
(g) Electricity Charges	18,63,991	17,90,430
(h) Professional Fees	1,42,76,879	1,22,84,208
(i) Office Maintenance	92,27,692	84,42,521
(j) Tender Expenses	1,62,65,768	98,26,254
(k) Bank Charges	1,07,51,228	51,13,798
(l) Directors Remuneration	2,72,38,973	2,66,04,125
(m) Commission to Non-Executive Directors	25,00,000	20,00,000
(n) Auditor's Remuneration	12,93,004	8,13,748
(o) General Expenses	25,94,260	12,56,309
(p) Loss on Sale of Assets	—	1,28,59,981
(q) Donation	4,85,000	2,00,000
	<b>9,60,69,118</b>	<b>9,39,36,851</b>
<b>SCHEDULE – M</b>		
<b>FINANCIAL COST</b>		
<b>Interest Paid to :</b>		
(a) Banks	12,37,08,904	12,09,52,502
(b) Institutions	4,27,93,795	1,93,02,490
(c) Others	5,80,06,724	5,76,53,939
	<b>22,45,09,423</b>	<b>19,79,08,931</b>
Less : (a) Interest Earned (TDS of ₹ 53,67,558/-) (Previous Year ₹ 39,90,514/-)	8,66,07,257	4,59,09,356
(b) Profit/(Loss) on Foreign Exchange Fluctuation	(65,02,459)	1,70,10,968
	<b>14,44,04,625</b>	<b>13,49,88,607</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011**

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax and Extraordinary Items	34,03,00,075	37,96,37,582
<b>Add/(Deduct) Adjustment for :</b>		
Depreciation	9,51,83,177	9,01,78,418
Financial Cost	22,45,09,423	19,79,08,931
Dividend on Investment	(62,95,281)	(46,89,068)
Rent from Property	(5,55,02,904)	(5,44,69,248)
Miscellaneous Income	(2,76,87,687)	(2,11,66,129)
Interest Earned	(8,66,07,257)	(4,59,09,356)
Loss/(Profit) on Foreign Exchange	65,02,459	(1,70,10,968)
Loss/(Profit) on Sale of Fixed Assets	(94,35,514)	1,28,59,981
Profit on Sale of Long Term Investment	(4,81,99,703)	(12,73,62,492)
<b>Operating Profit Before Working Capital Changes</b>	<b>43,27,66,788</b>	<b>40,99,77,651</b>
<b>Adjustment for :</b>		
Trade and Other Receivables	(55,46,03,733)	(48,12,81,970)
Inventories/WIP	11,85,135	(8,48,23,615)
Trade and other Payables	51,95,09,484	44,44,02,193
<b>Cash Generated from Operations</b>	<b>39,88,57,674</b>	<b>28,82,74,259</b>
Direct Taxes (Paid)	5,89,00,521	(10,75,06,141)
Prior year adjustments	(5,19,47,864)	(20,64,119)
<b>Net Cash Flow from Operating Activities</b>	<b>40,58,10,331</b>	<b>17,87,03,999</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(30,33,92,141)	(10,06,58,126)
Capital Work-in-Progress	(1,29,10,65,594)	—
Proceeds from Sale of Fixed Assets	7,44,25,181	1,69,97,213
Proceeds from Sale of Investments	(3,11,05,797)	(3,53,99,480)
Dividend on Investment	62,95,281	46,89,068
Interest Earned	8,66,07,257	4,59,09,356
Profit/(Loss) on Foreign Exchange	(65,02,459)	1,70,10,968
Rent and Miscellaneous Receipts	8,31,90,591	7,56,35,377
<b>Net Cash Flow from Investing Activities</b>	<b>(1,38,15,47,681)</b>	<b>2,41,84,376</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	95,00,000	65,00,000
Proceeds from Share Premium	2,75,50,000	1,88,50,000
Proceeds from Long Term Borrowings	1,36,66,16,462	18,11,83,549
Minority Interest	6,24,01,000	—
Financial Cost	(22,45,09,423)	(19,79,08,931)
Dividend Paid	(2,78,70,038)	(2,15,16,030)
Dividend Tax Paid	(47,36,513)	(36,56,649)
<b>Net Cash Used in Financing Activities</b>	<b>1,20,89,51,488</b>	<b>(1,65,48,061)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>23,32,14,138</b>	<b>18,63,40,314</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>50,72,69,584</b>	<b>32,09,29,270</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>74,04,83,722</b>	<b>50,72,69,584</b>
[Ref.: Schedule G(4)]		

As per our report of even date  
For **D. M. JANI & CO.**  
Chartered Accountants

For and on behalf of the Board

**Dilip M. Jani**  
Proprietor

**Kavita Valecha Sharma**  
Company Secretary

**Anil Harish**  
Chairman

**J. K. Valecha**  
Managing Director

Place : Mumbai.

Date : 27th May, 2011.

## SCHEDULE – N

### NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2011

#### (1) Significant Accounting Policies:

##### A. Consolidation of Accounts

- The consolidated financial statements are prepared in accordance with Accounting Standard (AS–21) on Consolidated Financial Statement issued by Institute of Chartered Accountants of India. The Consolidated Financial Statements comprise the Financial Statements of Valecha Engineering Limited (Holding Company) and its Subsidiary Companies.
- The share of Minority Interest in the net assets of consolidated subsidiary is identified and presented in the consolidated financial statement separately.

##### B. Investments:

Investments other than subsidiaries have been accounted as per Accounting Standard (AS) 13 on “Accounting for Investment”.

##### C. Other Significant Accounting Policies:

These are set out under “Significant Accounting Policies” as given in the Company’s separate Financial Statements.

#### (2) Earning Per Share:

Sr. No.	Particulars	2010-11	2009-10
1.	Net Profit after Tax (With Extraordinary Income) (₹ in lacs)	2,532.57	3,004.90
	Less : Extraordinary Income (₹ in lacs)	482.00	1,273.62
2.	Net Profit after Tax & Extraordinary Income (₹ in lacs)	2,050.57	1,731.28
3.	Weighted average Number of shares for Basic EPS (Numbers in lacs)	190.34	179.84
4.	Weighted average Number of shares for Diluted EPS (Numbers in lacs)	225.34	189.34
5.	Basic Earning Per share (₹)		
	With Extraordinary Income	13.31	16.71
	Without Extraordinary Income	10.77	9.63
6.	Diluted Earning Per share (₹)		
	With Extraordinary Income	11.24	15.87
	Without Extraordinary Income	9.10	9.14

(3) The previous years’ figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date  
For **D. M. JANI & CO.**  
Chartered Accountants

For and on behalf of the Board

**Dilip M. Jani**  
Proprietor

**Kavita Valecha Sharma**  
Company Secretary

**Anil Harish**  
Chairman

**J. K. Valecha**  
Managing Director

Place : Mumbai.

Date : 27th May, 2011.

**FINANCIALS AT A GLANCE**

(₹ in lacs)

PARTICULARS	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Total Income</b>	<b>73,911</b>	65,969	61,265	50,147	25,146
Operating Expenses	<b>68,647</b>	61,234	56,943	46,671	23,009
Operating Profit	<b>5,264</b>	4,735	4,322	3,476	2,137
Finance Charges	<b>1,444</b>	1,350	1,355	690	149
Depreciation	<b>952</b>	902	856	749	498
Profit Before Tax	<b>2,868</b>	2,484	2,111	2,037	1,490
Profit After Tax	<b>1,997</b>	1,692	1,449	1,416	964
Extraordinary Income	<b>482</b>	1,274	—	1,879	1,811
PAT With Extraordinary Income	<b>2,479</b>	2,966	1,449	3,295	2,775
Equity	<b>1,953</b>	1,858	1,793	1,195	730
Reserves	<b>24,042</b>	22,177	19,376	18,632	14,482
Net Worth	<b>25,995</b>	24,035	21,169	19,827	15,212
<b>What we owned</b>					
Fixed Assets					
Gross Block	<b>19,842</b>	17,682	17,070	16,203	13,259
Less : Depreciation	<b>4,260</b>	3,518	2,706	2,074	1,610
Net Block	<b>15,582</b>	14,163	14,364	14,129	11,649
Capital Work In Progress	—	—	—	—	1,827
Investments	<b>1,623</b>	829	955	1,034	702
Working Capital	<b>33,491</b>	27,270	22,032	18,427	9,922
Total	<b>50,696</b>	42,263	37,351	33,590	24,100
<b>What we owed</b>					
Secured Loans	<b>18,665</b>	14,742	11,614	12,052	7,205
Unsecured Loans	<b>3,981</b>	1,666	2,982	398	668
Deferred Tax Liability	<b>2,055</b>	1,820	1,586	1,313	1,015
Total	<b>24,701</b>	18,228	16,182	13,763	8,888
Net Worth	<b>25,995</b>	24,035	21,169	19,827	15,212
Represented By					
Share Capital	<b>1,953</b>	1,858	1,793	1,195	730
Reserves & Surplus	<b>24,042</b>	22,177	19,376	18,632	14,482



## VALECHA ENGINEERING LIMITED

Registered Office: Valecha Chambers, 4th Floor, Andheri New Link Road, Andheri (West), Mumbai-400 053.

Dear Shareholder,

**Sub.: Valecha Engineering Limited — Green Initiative**

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” allowing paperless compliances by Companies through electronic mode and has issued circular no. 17/2011 on 21.04.2011 and circular no. 18/2011 on 29.04.2011 stating that Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

Your Company proposes to send future communications/documents including Notice of Annual General Meeting and Annual Report of the Company, in electronic form through email.

Members who are holding Equity Shares in demat mode are requested to register their e-mail ID with their Depository Participant.

Members who are holding Equity Shares in physical form should send a scanned copy of their letter requesting for registering/ changing their existing email ID, bearing the signature of the sole/first shareholder on “**csg-emailid@tsrdarashaw.com**”. (These members are also requested to convert their physical holding to demat). OR

Such members holding Equity shares in physical form can also write to the Registrar and Share Transfer Agent of the Company at their following address and inform their email ID quoting their folio number. The letter should be signed by the sole/first holder as per the specimen signature recorded with the Registrar and Share Transfer Agent.

**TSR Darashaw Limited**

Unit: Valecha Engineering Limited  
Haji Moosa Patrawala Industrial Estate  
20, Dr. E. Moses Road, Mahalaxmi,  
Mumbai-400011.

We seek your support to enable the Company to not only reduce paper consumption but also related costs. As a shareholder, this is your opportunity to support this initiative of the Government and contribute towards a Greener Environment.

Please note that as a member of the Company, you will be entitled to be furnished free of cost with a copy of such communications/ documents upon receipt of a requisition from you, at anytime.

The Annual Report of your Company alongwith all future communications/documents would also be made available on the Company’s website: [www.valechaeng.com](http://www.valechaeng.com).

For **VALECHA ENGINEERING LIMITED**

**KAVITA VALECHA SHARMA**

*Company Secretary*







# VALECHA ENGINEERING LIMITED

Registered Office: "Valecha Chambers", 4th Floor, Plot No. B-6, Andheri New Link Road, Andheri (West), Mumbai-400 053.

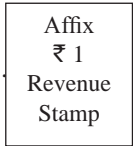
## PROXY FORM

Reg. Folio No. .... No. of Shares held .....

I/We .....  
of .....being a member/members of the above named  
Company, hereby appoint.....  
..... of ..... or failing him  
..... of .....

as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty Fourth Annual General Meeting of the Company to be held on Friday, the 29th July, 2011 at 4-00 p.m. at Sunville Banquet Hall, 9, Dr. Annie Besant Road, Worli, Mumbai -400 018 and at any adjournment thereof.

Signed this .....day of.....2011 Signature .....



Note: Proxy Forms must reach the Company's Registered Office not less than 48 hours before the meeting.

- TEAR HERE -



# VALECHA ENGINEERING LIMITED

Registered Office:

"Valecha Chambers", 4th Floor, Plot No. B-6, Andheri New Link Road, Andheri (West), Mumbai-400 053.

## ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

**34th Annual General Meeting — 29th July, 2011**

at Sunville Banquet Hall, 9, Dr. Annie Besant Road, Worli, Mumbai -400 018.

I hereby record my presence at the Thirty Fourth Annual General Meeting to be held on Friday, the 29th July, 2011 at 4-00 p.m. and at any adjournment thereof.

Full name of Member (IN BLOCK LETTERS) .....

Reg. Folio No. .... No. of Shares held .....

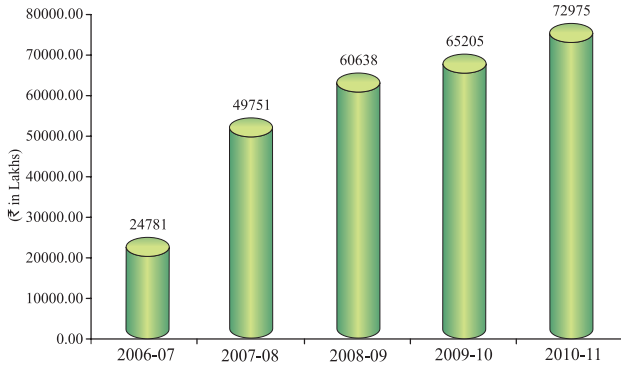
Full name of Proxy (IN BLOCK LETTERS) .....

Member's/Proxy's Signature .....

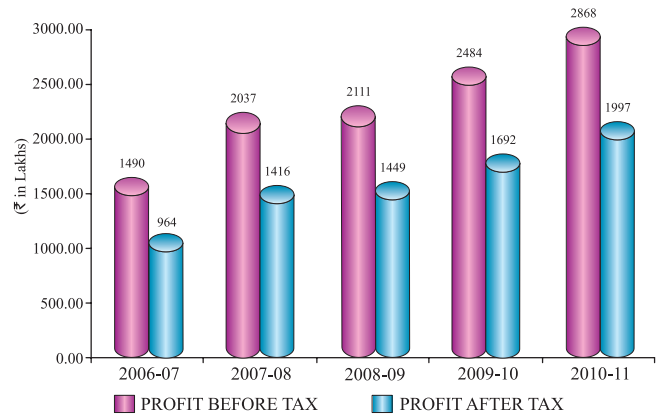
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### TURNOVER

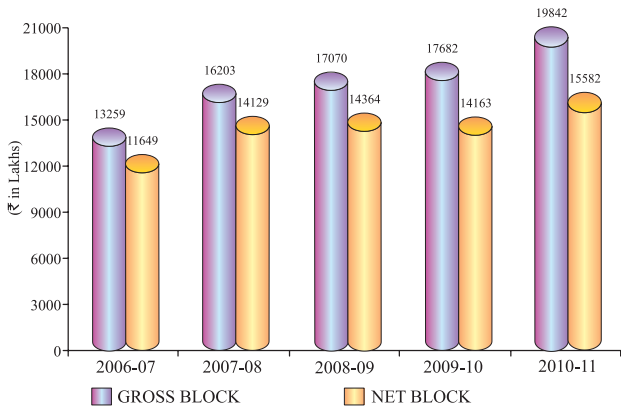


### PROFIT BEFORE TAX & AFTER TAX\*

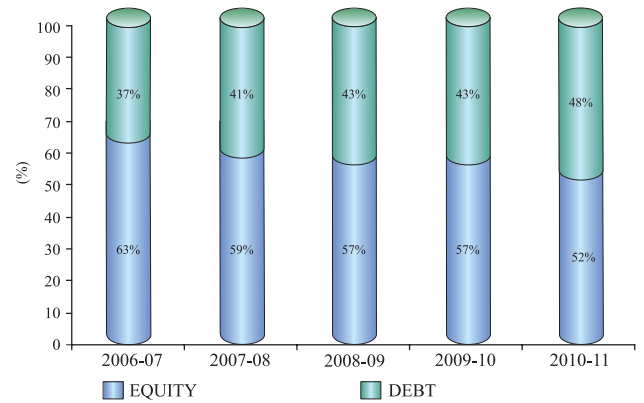


\* Without Extraordinary Income

### FIXED ASSETS



### NET GEARING



**Registered office:**

**Valecha Engineering Limited**

“Valecha Chambers”, 4th Floor,  
Plot No. B-6, Andheri New Link Road,  
Andheri (West), Mumbai - 400 053.

Tel: 2673 3625, 2673 3238 • Fax: 2673 3945

E-mail: [ho@valecha.in](mailto:ho@valecha.in) / [investor.relations@valecha.in](mailto:investor.relations@valecha.in)

Website: [www.valechaeng.com](http://www.valechaeng.com)