

**VALECHA ENGINEERING LIMITED**  
(AN ISO 9001 - 2008 COMPANY)



Ref: VEL/19-20/058

17<sup>th</sup> September, 2019

Listing Compliance <b>BSE Limited</b> P. J. Towers, Dalal Street, Mumbai - 400 001  <b>SCRIP CODE :532389</b>	Listing Compliance, <b>National Stock Exchange India Limited,</b> Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East) Mumbai-400051  <b>VALECHAENG</b>
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Dear Sir/Madam,

**Sub: Annual Report of the Company and the Notice convening 42<sup>nd</sup> Annual General Meeting ("AGM")**

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Notice convening the AGM and the Annual Report of the Company for the financial year 2018-19, which has been dispatched to the members of the Company by permitted mode(s).

Kindly take the same on your record.

Thanking you,

Yours faithfully  
**For VALECHA ENGINEERING LIMITED**

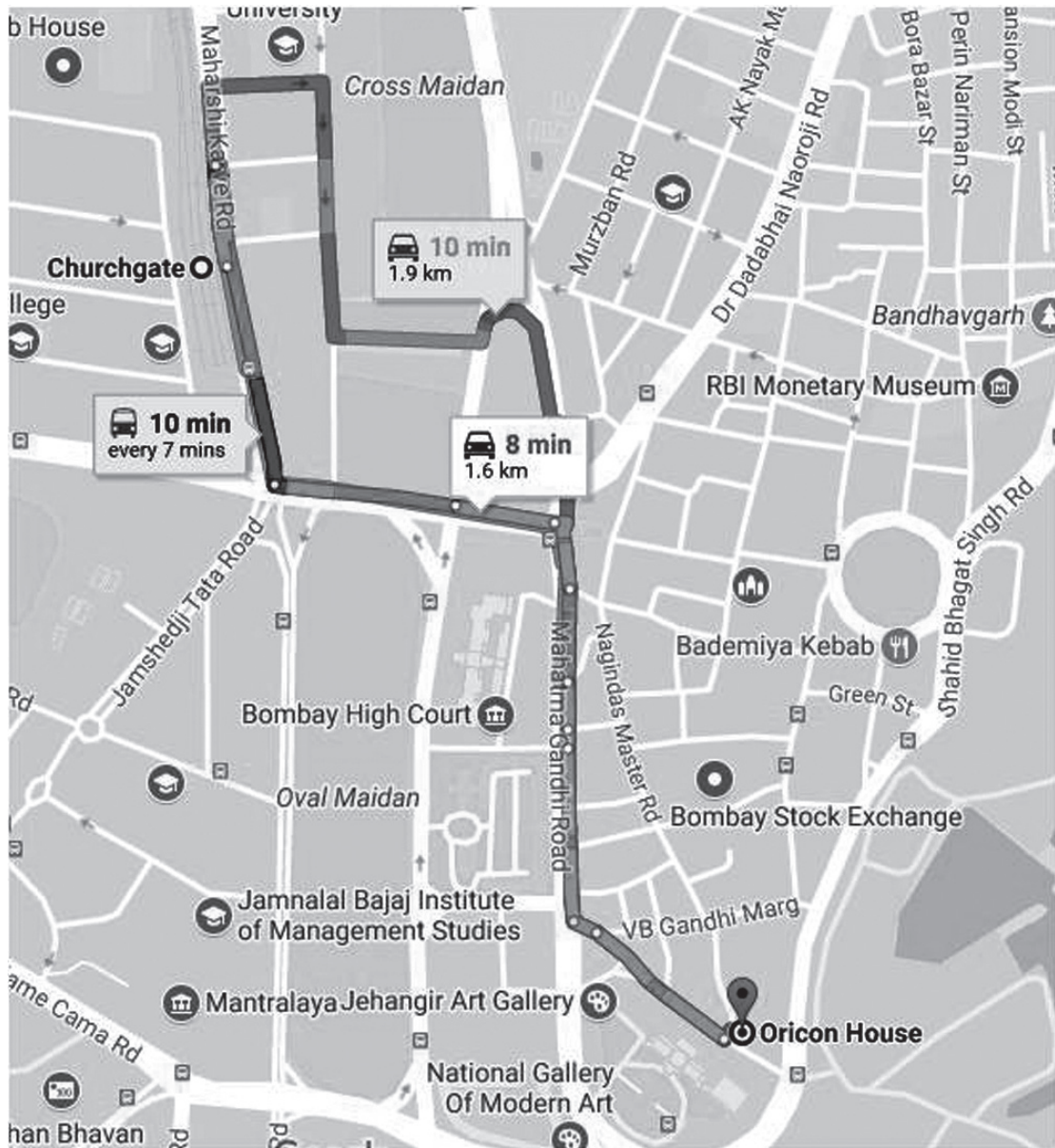
**(VIJAYKUMAR MODI)**  
**Company Secretary & Legal**



**VALECHA**  
REDEFINING INFRASTRUCTURE

# **VALECHA ENGINEERING LIMITED**

**42ND  
ANNUAL REPORT 2018-19**



## VALECHA ENGINEERING LIMITED

CIN: L74210MH1977PLC019535

### Board of Directors

Arvind Thakkar - Chairman  
 J. K. Valecha - Vice Chairman & Director  
 Tarun Dutta - Chief Executive Officer w.e.f. 30.07.2019  
 Ketan H Gandhi - Independent Director  
 Sonal V Jltiya - Non-Executive Director  
 L. B. Takekar - Additional Director w.e.f. 28.03.2019

**Company Secretary & Legal** : Vijaykumar H. Modi

**Chief Financial Officer** : Anil S. Korpe

**Auditors** : M/s. Bagaria & Co. LLP Chartered Accountants

**Bankers:** State Bank of India, Canara Bank, Axis Bank Ltd. and Lakshmi Vilas Bank Ltd. Syndicate Bank, Central Bank of India, Yes Bank.

**Registrars and Transfer Agents:** TSR Darashaw Consultants Private Limited - CIN: U74999MH2018PTC307859  
 6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011  
 Tel: 022-66568484 ; Fax : 022-66568494

**Registered Office** : "Valecha Chambers", 4<sup>th</sup> 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;

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## NOTICE

Notice is hereby given that the **Forty Second** Annual General Meeting of the members of VALECHA ENGINEERING LIMITED will be held on **Monday, 30<sup>th</sup> September, 2019 at 10:30 a.m. at Babasaheb Dahanukar Sabhagriha**, Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai - 400 001 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a. The Audited Financial Statement of the Company for the financial year ended 31<sup>st</sup> March, 2019, the reports of the Board of Directors and Auditors thereon; and
  - b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended 31<sup>st</sup> March, 2019.
2. To appoint a Director in place of Mr. Jagdish K. Valecha (DIN: 00013070) who retires by rotation and being eligible, offers himself for reappointment
3. To appoint Auditors and in this connection to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, the appointment of **M/s. Bagaria & Co. LLP.**, Chartered Accountants as the Statutory Auditors of the Company with effect from 04<sup>th</sup> June, 2019 in the casual vacancy caused consequent to the resignation of **M/s. Kanu Doshi Associates LLP**, Chartered Accountants, be and is hereby approved and that they shall hold the said office till the conclusion of this Annual General Meeting.

**RESOLVED FURTHER THAT** pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, **M/s. Bagaria & Co. LLP**, Chartered Accountants be and are hereby appointed as the Statutory Auditors of the Company for a term of five(5) consecutive years and they shall hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company for the financial year 2023-24 at a remuneration as recommended by the Audit Committee and approved by the Board of Directors of the Company plus reimbursement of out-of pocket expenses.

### SPECIAL BUSINESS:

To consider and if, thought fit, to pass, the following resolution:

4. As a **Special Resolution**:

#### CONSIDER THE RE-APPOINTMENT OF MR. ARVINDKUMAR M. THAKKAR AS AN INDEPENDENT DIRECTOR

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) **Mr. Arvindkumar M. Thakkar (DIN: 02208108)**, an Independent Non-Executive Director of the Company, who has attained the age of 75 (seventy five) years and who is eligible for re-appointment and who has submitted a declaration that he meets the criteria for independence as provided statutorily, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold such office for a period of 5 (five) consecutive years w.e.f. 1<sup>st</sup> April, 2019 and shall not be liable to retire by rotation during his tenure in accordance with the provisions of the Companies Act, 2013."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid."

5. As an **Ordinary Resolution**:

#### CONSIDER THE APPOINTMENT OF MRS. LALNA B. TAKEKAR AS AN INDEPENDENT DIRECTOR

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made there under (including any statutory modification(s) or re-enactments thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 (the Act) **Mrs. Lalna B. Takekar (DIN: 08111805)** who was appointed as an Additional Director **w.e.f. 28<sup>th</sup> March, 2019** pursuant to Section 161 (1) of the Act and who holds office up to the date of this Annual General Meeting and has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company and shall hold office for a term of 5 years w.e.f. 30.09.2019.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid."

6. As an **Ordinary Resolution**:

#### CONSIDER THE RATIFICATION OF PAYMENT OF REMUNERATION TO THE COST AUDITOR

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 1,00,000/- (Rupees One Lakh only) p.a. plus Goods and Service tax as applicable and reimbursement of actual travel and out of pocket expenses, if any, in connection with the Audit be paid to **M/s Darshan Vora & Co. (Membership No.36481)**, Cost Auditors of the Company, for the Financial Year **2019-20**, as approved by the Board of Directors of the Company, be and is hereby ratified.



**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid."

7. As an **Ordinary** Resolution:

**CONSIDER THE PAYMENT OF REMUNERATION TO NON-EXECUTIVE DIRECTORS**

**"RESOLVED THAT** pursuant to Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder or any amendment or re-enactment thereof, if any and subject to such permissions, sanctions of appropriate authorities as may be required, approval of the members be and is hereby accorded for the payment of annual remuneration to one or more of the Non-Executive Directors of the Company other than the Managing/Whole-time Director(s), for a period of five years from the financial year commencing from April 01, 2019, of a sum not exceeding 1% or 3% as the case may be, of the net profits of the Company, for each of the said financial years, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, in addition to the fee payable to them for attending the meetings of the Board of Directors of the Company or any Committee(s) thereof or reimbursement of expenses, if any, to be paid and distributed amongst the Non-Executive Directors as aforesaid in such amounts or proportions and in such manner as the Board of Directors may, from time to time, determine and in default of such determination equally.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolution, the Board of Directors and Company Secretary and Compliance Officer of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper, desirable and to settle any question, difficulty or doubt that may arise in this regard without being required to seek any further consent or approval of the members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

For and on behalf of the Board  
**FOR VALECHA ENGINEERING LIMITED**

Place: Mumbai  
 Date: 30<sup>th</sup> July, 2019

**VIJAYKUMAR MODI**  
**COMPANY SECRETARY & LEGAL**

**Registered Office:**

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

**NOTES:**

**(A)** Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), relating to the Special Business to be transacted at the meeting is annexed hereto. All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays, Sundays and Public Holidays up to the date of Annual General Meeting.

**(B)** 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.

A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

The instrument of proxy in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not less than **48 hours** before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc. must be supported by an appropriate resolution/authority, as applicable.

**(C)** Corporate Members intending to send their authorized representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, at its Registered Office, a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting not less than **48 hours** before the commencement of the meeting.

**(D)** The Register of Members and Share Transfer Books of the Company will remain closed from the **Monday, 23<sup>rd</sup> September, 2019 to Monday, 30<sup>th</sup> September, 2019** (both days inclusive).\*

**(E) UPDATION OF BANK AND CONTACT DETAILS**

(i) Members are requested to notify immediately any change of address or bank mandates to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars and Transfer Agents of the Company i.e. TSR Darashaw Consultants Private Limited in respect of their physical share folios, if any.

(ii) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Shareholders holding shares in electronic format, are therefore, requested to submit their PAN to their DPs with whom their demat accounts are maintained. Shareholders holding shares in physical form may submit their PAN details to the Company/or to TSR Darashaw Consultants Private Limited.

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### (F) HOLDING OF SHARES IN DEMATERIALIZED FORM

Equity shares of the company are traded under the compulsory demat mode on the Stock Exchanges. Considering the advantages of the scrip less/demat trading, shareholders are advised to get their shares dematerialized to avail the benefits of scrip less trading.

In terms of the Listing Regulations, the securities of the listed companies can be transferred only in dematerialized form with effect from 01<sup>st</sup> April, 2019. In view of the same, members are advised to dematerialize the shares held by them in physical form

### (G) INVESTOR EDUCATION AND PROTECTION FUND

(i) The unclaimed/unpaid dividend up to the Financial Year 2010-11 have been transferred to the Investor Education Protection Fund (IEPF). Those shareholders who have not claimed their dividend up to the financial year 2010-11 and which has been transferred to IEPF, can claim their dividend from the Registrar of Companies, Mumbai

(ii) Pursuant to the provisions of Sections 123 and 125 of the Companies Act, 2013, the amounts of dividends remaining unclaimed for a period of **7 (seven)** years shall be transferred to the Investor Education and Protection Fund. Due dates for the same are mentioned below:

Sr. No.	Dividend Year	Date of Declaration	Due date for transfer
1	2011-12	17-Sep-12	22-Nov-19
2	2012-13	26-Sep-13	01-Dec-20
3	2013-14	29-Sep-14	03-Dec-21

Members who have not yet encashed their dividend for the period **31<sup>st</sup> March, 2012 to 31<sup>st</sup> March, 2014** are requested to approach, TSR Darashaw Consultants Private Limited, 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 on or before September, 2019.

(iii) Further, pursuant to the provisions of Section 124 of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has not been paid or claimed for a period of **7 (seven)** consecutive years, up to the F.Y. 2010-11 have been transferred to IEPF.

(H) Members/proxies should bring their attendance slip duly filled in for attending the meeting. Members are also requested to bring their copies of Annual Report to the venue of the Annual General Meeting.

(I) 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 **23<sup>rd</sup> September, 2019** so that the information required can be made available at the meeting.

(J) Pursuant to the provisions of Sections 101 and 136 of the Act read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with their DP or the Company. The Notice of the Annual General Meeting along with Annual Report for the year ended **31<sup>st</sup> March, 2019** is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless a member has requested for a physical copy of the same.

Physical copy of the Annual Report is being sent by the permitted mode to those members who have not registered their e-mail addresses. The Annual Report for the year ended **31<sup>st</sup> March, 2019** is available on the Company's website [www.valechaeng.com](http://www.valechaeng.com).

### (K) E-VOTING

(A) In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has engaged the services of NSDL to provide the facility of remote electronic voting ('e-voting') in respect of the resolutions proposed at Annual General Meeting.

(B) The period for remote e-voting starts at **9:00 a.m. on Friday, 27<sup>th</sup> September, 2019** and ends at **5:00 p.m. on Sunday, 29<sup>th</sup> September, 2019**. Remote e-voting shall be disabled by NSDL at **5:00 p.m. on 29<sup>th</sup> September, 2019**. During this period, shareholders of the company holding shares either in physical form or dematerialized form, as on the cut-off date **Monday, 23<sup>rd</sup> September, 2019** may request for login ID and password and cast their vote electronically.

#### E-voting instructions:

The procedure with respect to remote e-voting is provided below:-

#### Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 109367 then user ID is 109637001***

5. Your password details are given below:

- (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- (c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
- b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

1. After successful Login at Step 1, you will be able to see the homepage of e-Voting. Click on e-Voting, Then, click on Active E-voting Cycles
2. After clicking on Active e-Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company for which you wish to cast your vote
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted
6. Upon confirmation, the message, "Vote cast successfully" will be displayed
7. You can also take a print out of the votes cast by you by clicking the print option on the confirmation page
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [mail@raginichokshi.com](mailto:mail@raginichokshi.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "**Forgot User Details/Password?**" or "**Physical User Reset Password?**" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) to reset the password.



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3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- (L) The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting or by ballot form shall be able to exercise their right at the meeting.
- (M) Members can opt for only one mode of voting i.e., either by Ballot Form or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
- (N) In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to [investor.relations@valecha.in](mailto:investor.relations@valecha.in) by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, M/s. Ragini Chokshi & Co., Practicing Company Secretary (Membership No.2390) at registered office of the Company not later than **Sunday, 29<sup>th</sup> September, 2019** (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
- (O) General Information
- (a) Every Client ID No./Folio No. shall have one e-vote, irrespective of the number of joint holders.
- (b) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member as on **Monday, 23<sup>rd</sup> September, 2019**, the cut-off date.
- (c) E-voting right cannot be exercised by a proxy.
- (d) M/s. Ragini Chokshi & Co., Practicing Company Secretary (Membership no.2390) has been appointed as a scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (e) The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (f) The results declared along with the Scrutinizer's Report shall be placed on the website of the Company [www.valechaeng.com](http://www.valechaeng.com) and on the NSDL website <https://www.evoting.nsdl.com> within two working days of the passing of the resolution at the 42<sup>nd</sup> AGM of the Company to be held on **30<sup>th</sup> September, 2019** and also communicated to BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

For and on Behalf of the Board  
For VALECHA ENGINEERING LIMITED

Place: Mumbai  
Date: 30<sup>th</sup> July, 2019

**VIJAYKUMAR MODI**  
COMPANY SECRETARY & LEGAL

## ANNEXURE TO NOTICE

*Explanatory Statement as required under Section 102(1) of the Companies Act, 2013.*

### Item No. 3

**M/s. Bagaria & Co, LLP**, Chartered Accountants, Mumbai were appointed as Statutory Auditors of the Company from the Extraordinary General Meeting held on 04<sup>th</sup> June, 2019 till conclusion of the this Annual General Meeting to conduct the Statutory Audit for the period ended 31<sup>st</sup> March, 2019 on such remuneration as may be fixed by the Board of Directors in consultation with them.

In compliance of Section 139(2) of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014 it is proposed to appoint of M/s. Bagaria & Co LLP, Chartered Accountants as the Statutory Auditors of the Company, to hold the office for a term of five (5) consecutive years from the conclusion of the 42<sup>nd</sup> AGM till the conclusion of the 47<sup>th</sup> AGM i.e. for the Financial Year 2019-20 to 2023-24

They have consented to and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and are not disqualified to be appointed as Auditors. In view of their professional reputation and standing, the Audit Committee at its meeting held on 29<sup>th</sup> July, 2019 has recommended their appointment and also the Board of Directors at its meeting held on 30<sup>th</sup> July, 2019, subject to the Members' approval .

They are proposed to be paid a remuneration of Rs. 11 Lakhs (subject to revision) towards Quarterly Limited Review of Standalone & Consolidated Financial Results of the Company with its Subsidiary & Associate company as well as for Statutory Audit of the Company for each financial year. Outgoing Auditors were paid Rs 10 Lakhs for Quarterly Limited Review and Statutory audit.

The provisions of Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IND-AS have imposed additional responsibilities on the Statutory Auditors in relation to audit, compliances and disclosures. This has increased scope of audit beyond accounting. The format of reporting has undergone change.

Their audit responsibility includes testing of Internal Financial Controls over Financial Reporting, Limited Review of Consolidated Financial Results, etc.

Revision proposed in their fees is therefore justified in the opinion of the Board.

The Board commends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution proposed at Item No. 3.

**Item No. 4**

Mr. Arvindkumar M. Thakkar was appointed as an Independent Non-Executive Director of the Company by the members at the 37<sup>th</sup> AGM of the Company held on 29<sup>th</sup> September, 2014 for a period of 5 (five) consecutive years commencing from 1<sup>st</sup> April, 2014.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of up to 5(five) consecutive years on the Board of a Company.

The Board, upon recommendation of the Nomination and Remuneration Committee, based on the skills, rich experience, knowledge, continued valuable guidance of above said Director to the management and based on the outcome of performance evaluation, considers that, given his background and experience and contributions made by him during his tenure, his continued association would be beneficial to the Company and it is desirable to continue to avail his service as an Independent Director.

The Board is of the opinion that Mr. Arvindkumar M. Thakkar fulfills the conditions for appointment as Independent Director of the Company as specified in the Act and the SEBI (LODR) Regulations, 2015 and is independent of the Management. Mr. Thakkar is not disqualified or debarred to hold such office. The brief profile of the proposed appointee is as under:

Mr. Arvindkumar M. Thakkar is a Chartered Accountant having over 43 years of experience in finance, acquisition and mergers, cost and management accounting.

The Company has received from the proposed appointee, his consent to act as Director, intimation to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013, confirming his eligibility for such appointment and a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Listing Regulations, 2015. The Company has also received notice in writing pursuant to Section 160 of the Act, from the member(s) of the Company proposing the candidature of Mr. Arvindkumar M. Thakkar to hold the office of Independent Director.

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, effective from April, 2019, a person who has attained the age of seventy five years can be Non-Executive Director in a listed Company, subject to approval of its members by way of a special resolution. Mr. Thakkar is of the age of seventy five years and hence Special Resolution as set out in the Notice seeks approval of shareholders for his re-appointment as Independent Director, not liable to retire by rotation, for second term of 5 (five) years w.e.f. 01<sup>st</sup> April, 2019.

Mr. Arvindkumar M. Thakkar is interested in the resolution set out respectively at Item No. 4 of the Notice with regard to his appointment. The relatives of Mr. Arvindkumar M. Thakkar may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, held in the Company.

Save and except the above named proposed appointee, none of the Directors and/or Key Managerial Personnel of the Company, including their respective relatives are in any way concerned or interested, financially or otherwise, in the said resolutions.

In view of above, the Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

**Item No. 5**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company have appointed **Mrs. Lalna B. Takekar** (DIN: 08111805) as an Additional Director (Independent) of the Company to hold office for a period of five consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

As an Additional Director, **Mrs. Lalna B. Takekar** holds office till the date of this AGM and is eligible for being appointed as an Independent Director. The Company has also received notice in writing pursuant to Section 160 of the Act, from the member(s) of the Company proposing the candidature of Mrs. Lalna Takekar to hold the office of Independent Director.

Mrs. Lalna Takekar is a B.Com graduate and has experience in Administration.

The Company has also received a declaration from Mrs. Lalna Takekar confirming that she meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Mrs. Lalna Takekar is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director of the Company.

In the opinion of the Board, Mrs. Lalna Takekar fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations and she is independent of the management.

Mrs. Lalna Takekar is not related to any other Director and/or Key Managerial Personnel of the Company.

Save and except the above named proposed appointee, none of the Directors and/or Key Managerial Personnel of the Company, including their respective relatives are in any way concerned or interested, financially or otherwise, in the said resolutions.

The resolution as set out in Item No. 5 of this Notice is accordingly commended for your approval.

**Item No. 6**

The Board of Directors of the Company, at its meeting held on 30<sup>th</sup> July, 2019, had, on the recommendation of the Audit Committee, considered and approved the appointment of M/s. Darshan Vora & Co. Cost Accountants (Membership No.36481) as the Cost Auditor of the Company for the Financial Year 2019-20 at a total remuneration of Rs. 1,00,000/- (Rupees One Lakh only) per annum plus Goods and Service tax as applicable and reimbursement of actual travel and out of pocket expenses, if any, in connection with the Audit

## 42nd Annual Report 2018-2019

M/s. Darshan Vora & Co., Cost Accountants (Membership No.36481), have confirmed that they hold a valid certificate of practice under Sub-section (1) of Section 6 of the Cost and Works Accountants Act, 1959.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditor for the Financial Year 2019-20.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6

The Board recommends passing of the Ordinary Resolution as set out in Item No. 6 for approval of the members.

### Item No. 7

The Non-Executive Independent Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as construction, finance, legal and corporate strategy. The Board is of the view that it is necessary that adequate remuneration should be paid to the Non Executive Directors so as to compensate them for their time and efforts and also to retain and attract the pool of talent for the growth and prosperity of the Company.

Section 197 of the Companies Act, 2013 provides that the remuneration payable to Directors who are neither Managing Directors nor Whole-time Directors shall not exceed:

- (A) 1% per cent of the net profits of the Company, if there is a managing or whole-time director or manager;
- (B) 3% per cent of the net profits in any other case.

In accordance with Section 197 of the Companies Act, 2013, the members of the Company at the Annual General Meeting held on 29<sup>th</sup> September, 2014, approved the payment of remuneration by way of commission to Non-Executive Directors, at a rate not exceeding 1% per annum of the net profits of the Company for a period of five years commencing from April 01, 2014. The said approval is valid till 31<sup>st</sup> March, 2019.

The Board of Directors at its meeting held on 30<sup>th</sup> July, 2019 has approved and recommended to the shareholders, the proposal of payment of commission not exceeding 1% or 3% as the case may be, of the net profit of the Company to the Non-Executive Directors for a further period of five years commencing from April 01, 2019 (to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time and in default of such determination equally). The aforesaid remuneration to Non-Executive Directors shall be in addition to the sitting fees payable to them for attending meetings of the Board and Committees thereof.

All the Non-Executive Independent Directors of the Company are interested in this resolution by virtue of their directorship, to the extent of their shareholding if any, and the payment that they receive by way of remuneration as a percentage of profits. None of the other Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this resolution.

The Board recommends the Ordinary Resolution set-out in Item 7 of the Notice for approval by the members

For and on behalf of the Board  
**For VALECHA ENGINEERING LIMITED**

Place: Mumbai  
Date: 30<sup>th</sup> July, 2019

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

**VIJAYKUMAR MODI**  
**COMPANY SECRETARY & LEGAL**

## DIRECTORS' REPORT

To The Members,

The Directors present their 42<sup>nd</sup> Annual Report and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2019.

Financial Highlights (Standalone)	Rs. in Crores	
	2018-19	2017-18
Revenue from Operations	184.30	207.80
Other Income	17.23	67.69
<b>Total Revenue</b>	<b>201.53</b>	<b>275.49</b>
Profit before Interest, Depreciation, Exceptional Items and Tax	7.62	41.85
<b>Less: Finance Cost</b>	<b>1.28</b>	<b>67.16</b>
Profit before Depreciation, Exceptional Items and Tax	6.34	(25.31)
<b>Less: Depreciation and Amortization Expenses</b>	<b>5.18</b>	<b>10.14</b>
<b>Profit/(Loss) before Exceptional Item and Tax</b>	<b>1.16</b>	<b>(35.45)</b>
<b>Exceptional Item</b>	<b>-</b>	<b>-</b>
<b>Profit/ (Loss) before Tax</b>	<b>1.16</b>	<b>(35.45)</b>
Provision for Tax ( Including earlier Year Taxation)	-	1.66
<b>Profit/(Loss) after Tax</b>	<b>1.16</b>	<b>(37.11)</b>
Other comprehensive income/(loss) for the year	1.25	(2.68)
<b>Total comprehensive income for the year</b>	<b>2.41</b>	<b>(39.79)</b>
<b>Retained Earnings- Opening Balance</b>	<b>(143.66)</b>	<b>(106.55)</b>
Add: Profit/ (Loss) for the Year	1.16	(37.11)
<b>Retained Earnings- Closing Balance</b>	<b>(142.50)</b>	<b>(143.66)</b>

### 1. Share Capital:

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2019 was Rs. 22.53 Crores.

### 2. Dividend:

In view of the loss incurred during the year under review, the Board regrets its inability to recommend any dividend for the year ended 31<sup>st</sup> March, 2019.

### 3. Reserves:

Since the Company has made losses during the year, no amount is being transferred to reserves.

### 4. Operations/ State of affairs during the year:

#### Standalone

The Company has achieved a turnover of Rs.184.30 crores as at 31<sup>st</sup> March, 2019 against Rs 207.80 crores resulting into a decrease by 11.31%. The Company has earned Profit after Tax of Rs 1.16 crores against the Loss after Tax of Rs 37.11 crores in the previous year.

#### Consolidated

The Company has achieved a consolidated turnover of Rs.209.72 crores as at 31<sup>st</sup> March, 2019 against Rs 252.64 crores resulting into a decrease by 16.99%. The company has incurred a consolidated Loss after Tax of Rs 150.26 crores against the Loss after Tax of Rs 225.18 crores in the previous year.

### 5. Fixed Deposits:

As on 31<sup>st</sup> March, 2019, Fixed Deposits stood at Rs. 28.16 Crores as against Rs. 29.03 Crores in the previous year.

Details relating to deposits covered under The Companies (Acceptance of Deposits) Rules, 2014 for the Financial Year 2018-19 are as follows:

- Targeted Deposit repayment was Rs. 15.41 crores for 3835 FD holders

Despite the financial crunch and difficulties faced by the Company, the Company is making repayment to the Fixed Deposit holders.

National Company Law Tribunal, Mumbai vide Order dated 03.04.2019, has directed Canara Bank to remit the entire Income Tax refund of Rs.15.41 Crores to HDFC Bank, Fort Branch, Mumbai and on receipt of the said refund, to pay to the Fixed Deposits Holders by the Company.

As on the date of this report, the above matter is pending before National Company Law Appellate Tribunal, New Delhi.

National Company Law Tribunal, Mumbai, further vide Order dated 11.06.2019, has advised the Company that on receipt of the sum of Rs.8.99 Crores refund from the Income Tax Department, to pay to the Fixed Deposit Holders,

### 6. Material changes and commitments:

There have been no material changes and commitments, affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report.

**7. Changes in the nature of business**

There has been no change in the nature of business

**8. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

Few supplier/vendors had filed winding up petitions before the Bombay High Court and/or for liquidation under IBC. The company has challenged such cases by filing necessary legal action and Bombay High Court has stayed/put in abeyance the relevant cases.

**9. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134 of the Companies Act, 2013, and Rules thereunder:**

**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:**

(Rs. in lakhs)

	2018 - 19	2017-18
Foreign Exchange Outgo	NIL	NIL
Foreign Exchange Earned	NIL	NIL

**10. Details of Subsidiary/Joint Ventures/Associate Companies:**

As on 31<sup>st</sup> March, 2019, the Company has the following 6 subsidiaries namely:-

Valecha Infrastructure Limited

Valecha LM Toll Private Limited

Valecha Kachchh Toll Roads Limited

Professional Realtors Private Limited

Valecha International FZE

Valecha Badwani Sendhwa Tollways Limited

Valecha LM Toll Private Limited (VLMTPL), a step down subsidiary of the Company and subsidiary of Valecha Infrastructure Limited (VIL) has been admitted to National Company Law Tribunal (NCLT) on 29.03.2019 in view of the insolvency petition filed by Axis Bank Limited under section 7 of the Insolvency and Bankruptcy Code, 2016 and consequently Interim Resolution Professional ("IRP") was appointed by the NCLT.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of Financial Statements of subsidiaries in **Form AOC-1** forms part of the Financial Statement and hence not repeated here for the sake of brevity.

**11. Consolidated Financial Statements**

The audited Consolidated Financial Statements of the Company also form part of the Annual Report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website [www.valechaeng.com](http://www.valechaeng.com). The Company will make available the audited annual accounts and associated information of its subsidiaries, upon request by any of its shareholders.

**12. Particulars of Loans, Guarantees or Investments under Section 186:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**13. Auditors' and their Report:****Statutory Auditor**

**M/s. Kanu Doshi Associates LLP (FRN: 101248W/W-100022)**, Chartered Accountants, who were appointed as the Statutory Auditors of the Company for a term of five years, from the conclusion of the 40<sup>th</sup> Annual General Meeting till the conclusion of the 45<sup>th</sup> Annual General Meeting, resigned as Statutory Auditors on 30<sup>th</sup> April, 2019. To fill this casual vacancy, the Board of Directors appointed **M/s. Bagaria & Co. LLP (FRN: 113447W/W-100019)**. Their appointment was confirmed by the members in the Extra Ordinary General Meeting held on 04<sup>th</sup> June, 2019. M/s. Bagaria & Co. LLP conducted the Statutory Audit for the year 2018-19. The Independent Auditors Report to the members of the Company in respect of the Standalone and Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019 form part of this Annual Report.

**Statutory Auditors' Remarks**

Note No. 40 to 52 of Notes to Standalone Financial Statement provide clarification to the Auditors' qualified opinion in point a) to i) of the Audit report (Standalone)

Note No. 45 to 57 of Notes to Consolidated Financial Statement provide clarification to the Auditors' qualified opinion in point a) to j) of the Audit report (Consolidated)

**Cost Auditor:**

Pursuant to Section 148 of the Companies Act, 2013, in terms of the Central Government's directives, the Board of Directors on the recommendation of the Audit Committee had appointed **M/s Darshan Vora & Co (M/36481)**, **Cost Accountant**, as the Cost Auditor of the Company for the year 2019-20.



**M/s Darshan Vora & Co** have confirmed that their appointment is within the limits of Section 139 of the Companies Act, 2013 and has certified that they are free from any disqualifications specified under Section 148(5) and all other applicable provisions of the Companies Act, 2013.

The said auditors have given their eligibility certificate for appointment as Cost Auditor.

#### **Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed **M/s Ragini Chokshi & Co, Practicing Company Secretary (Membership No.2390)**, a firm of Company Secretaries in practice to undertake the Secretarial Audit for the financial year ended 31<sup>st</sup> March, 2019. Their Report is annexed as **Annexure–A** to this report.

#### **14. Adequacy of Internal Financial Control**

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information to Directors

#### **15. Directors:**

##### **Cessation of term of Directors:**

Mr. Jagdish Valecha who was appointed as Vice Chairman cum Managing Director by the shareholders in their meeting held on 29<sup>th</sup> September, 2017, ceased to be the Managing Director on 11<sup>th</sup> March, 2019. However, he continues to hold the position of Vice Chairman & Non-Executive Director from the said date.

##### **Appointment of Directors:**

The Board of Directors vide circular resolution dated 28<sup>th</sup> March, 2019 have appointed Mrs. Lalna B. Takekar (DIN: 08111805) as Additional Director (Woman Director) of the Company. The Board, therefore, recommends her appointment as a director of the Company. A brief resume and other relevant information has been furnished in the notice convening the AGM.

The Board of Directors in its meeting held on 30<sup>th</sup> July, 2019 have appointed Mr. Tarun Dutta as Chief Executive Officer w.e.f. 30<sup>th</sup> July, 2019 for a period of 5 years subject to review by the Board of Directors during his tenure as Chief Executive Officer

##### **Retirement by Rotation**

In accordance with the requirement of the Companies Act, 2013, Mr. Jagdish K. Valecha (DIN: 00013070) Non-Executive Director, liable to retire by rotation at the ensuing Annual General Meeting, being eligible, offers himself for re-appointment.

##### **Declaration by Independent Directors:**

All Independent Directors have given declaration that they meets the criteria of independence as provided in section 149 (6) of the Act, and Regulation 16 and 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There has been no change in the circumstances, which has affected their status as Independent Director. The Non-Executive Directors of the company had no pecuniary relationship or transactions with the company.

In the opinion of the Board, they fulfill the conditions of independence as specified and are independent of the management.

#### **16. Board Evaluation**

The Nomination and Remuneration Committee has laid down criteria for performance evaluation of the Directors, Chairperson, Board Level Committees and the Board as a Whole and also the evaluation process for the same. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board Members and its Committees with the Company.

#### **17. Meetings of the Board of Directors:**

The details of the number of meetings of the Board held during the Financial Year 2018-19 forms part of the Corporate Governance Report.

#### **18. Committees of the Board of Directors**

The Board of Directors have the following Committees

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance section of this Report.

#### **19. Policies of the Board of Directors**

##### **I. Corporate Social Responsibility**

During the year under review, in view of the loss incurred, Section 135 (1) of the Companies Act, 2013 is not applicable.

### II. Vigil Mechanism/Whistle Blower

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has framed a Vigil Mechanism/Whistle Blower Policy with a view to maintain high standards of transparency in Corporate Governance, deal with unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, if any. No communication from any employee of the company under the Whistle Blower Policy was received during the year.

### III. Remuneration Policy for Directors, Key Managerial Personnel and other employees

#### A. Executive Directors

- a) The remuneration paid to the Executive Directors of the Company is approved by the Board of Directors on the recommendations of the Nomination and Remuneration Committee.
- b) The remuneration to be paid to the Managing Director and Whole Time Directors shall be in accordance with the limits/conditions laid down in Schedule V of the Companies Act, 2013.
- c) The Remuneration to the Key Managerial Personnel and other employees will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

#### B. Non-Executive Directors

Non-Executive Directors of a Company's Board of Directors add substantial value to the Company through their contribution to the Management of the Company. In addition they also play an appropriate control role.

##### Sitting Fees

Non-Executive Directors are entitled to sitting fees for attending meetings of the Board, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The sitting fees presently paid to the Non -Executive Directors for the F.Y. 2018-19 is Rs. 5,000/- per meeting of the Board, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. However, the same has been revised to Rs. 10,000/- per meeting w.e.f. 01<sup>st</sup> January, 2019.

### IV. Policy on Related Party Transaction

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

In light of the above, VEL has framed a policy on related party transaction. This policy has been adopted by the Board of Directors of the Company based on recommendations of Audit Committee.

The policy on Related Party Transactions, as approved by the Board, is available for viewing on the Company's website

##### Particulars of Contracts or Arrangements with Related Parties:

The Contracts or Arrangements entered into by the Company with Related Parties have been done at arms' length and are in the ordinary course of business. Form AOC-2 as required under Section 134 (3)(h) is enclosed as **Annexure – B** to this report.

### 20. Compliance with Secretarial Standards

The Company has complied with applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Government of India under Section 118(10) of the Companies Act, 2013.

### 21. Maintenance of Cost Records

Pursuant to sub-section (1) of Section 148 of the Companies Act, 2013, the Company is required to maintain cost records and accordingly the Company has made and maintained such cost records.

### 22. Particulars of Employees:

There are no employees drawing salary pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### 23. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 [14 of 2013]:

As required by Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace. The Company has also constituted an Internal Complaints Committee with a mechanism of lodging complaints. During the year under review, there were no cases filed pursuant to the aforesaid Act.

### 24. Extract of the Annual Return:

The details forming part of the extract of the Annual Return in **Form MGT – 9** as required under Section 92 of the Companies Act, 2013, is marked as **Annexure- C** which is annexed hereto and forms part of the Directors Report.

### 25. Corporate Governance and Management Discussion & Analysis Report:

The Company has complied with the Corporate Governance Code as stipulated under 27(2)(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. A separate section on Corporate Governance along with certificate from Secretarial Auditors confirming the compliance is annexed and forms part of the Annual Report. The Management Discussion and Analysis Report and Corporate Governance Report, appearing elsewhere in this Annual Report forms part of the Board's Report

**26. Risk Management:**

Details on Risk Management have been mentioned in the Corporate Governance Report annexed to this report.

**27. Reporting of Frauds**

During the year under review, there have been no instances of fraud reported by the Auditors including the Statutory Auditors of the Company under Section 143(12) of the Companies Act, 2013 and the Rules framed thereunder either to the Company or to the Central Government

**28. Director's Responsibility Statement:**

As required by Section 134(3)(c) of the Companies Act, 2013 your Directors state that:

- (a) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2019, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- (b) The accounting policies adopted in the preparation of the annual accounts have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 2018-19 and of the profit for the year ended 31<sup>st</sup> March, 2019.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts for the year ended 31<sup>st</sup> March, 2019 have been prepared on a going concern basis.
- (e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (f) That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**29. 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. The Board thanks all the Shareholders, Customers and various Authorities for their continued support during the year. Also, our sincere thanks and gratitude to Bankers/NBFCs who are continuously supporting the Company and its group at all the times for achieving its goal

For and on Behalf of the Board

**JAGDISH K. VALECHA**  
Vice Chairman and Director

**TARUN DUTTA**  
Chief Executive Officer

**KETAN GANDHI**  
Director

**SONAL V. JITIYA**  
Director

**LALNA B. TAKEKAR**  
Director

Place : Mumbai

Date : 30<sup>th</sup> July, 2019

**ANNEXURE A**  
**FORM NO MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE PERIOD 01.04.2018 TO 31.03.2019**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members,  
**VALECHA ENGINEERING LIMITED**  
**Regd. Office** - "Valecha Chambers", 4th Floor,  
Plot No. B-6, Andheri New Link Road,  
Andheri (West), Mumbai – 400 053

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VALECHA ENGINEERING LIMITED (CIN:L74210MH1977PLC019535)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering **1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period **1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable**);
  - d. The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014; (**Not Applicable**)
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable**);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - g. The Securities and Exchange Board of India (Delisting of equity shares) Regulations, 2009 (**Not applicable**); and
  - h. The Securities and Exchange Board of India (Buyback of Securities Regulations, 1998; (**Not applicable**))
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Indian Contract Act, 1972.
2. Maharashtra Building and Other Construction workers (Regulation of Employment and Conditions of Service) Rules, 2007.
3. Building and other construction workers (Regulation of Employment and Conditions of Service) Act, 1996.
4. The Contract Labour (Regulation and Abolition) Act, 1970.
5. Environment Protection Act, 1986

We have also examined compliance with applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations 2015.

**During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.**

**mentioned above except following observations:**

1. *The Company has defaulted in payment to Fixed Deposit holders during the year under review. However, pursuant to National Company Law Tribunal orders dated 03.04.2019, 11.06.2019 and 22.08.2019 the Company will repay to the fixed deposit holders upon receipt of the funds from the Canara bank and Incomes tax department*
2. *The Company has delayed in filing of Financial Statements of Quarter and Year ended 31<sup>st</sup> March,2018 with Stock Exchanges.*

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the reporting period, following changes took place in the management of the Company:

- i) Mr. Tarun Dutta has been Re-appointed as an Additional Director with effect from 19<sup>th</sup> July,2018.
- ii) Mr. Dinesh Valecha has been re-appointed as an Additional Director of the Company with effect from 1<sup>st</sup> August,2018.
- iii) Mr. Tarun Dutta has ceased to be Additional Director of the company with effect from 29<sup>th</sup> September,2018
- iv) Mr. Dinesh Valecha has ceased to be Additional Director of the company with effect from 29<sup>th</sup> September,2018.

**For Ragini Chokshi & Co.  
Company Secretaries**

**G.D. Bhavsar  
Partner  
C.P. No. 16612  
ACS No. 12479**

**Place:** Mumbai  
**Date:** 28/08/2019

**Annexure A'**

To  
The Members  
**VALECHA ENGINEERING LIMITED**  
Valecha Chambers, 4th Floor,  
Plot No. B-6,AndheriNew Link Road,  
Andheri (West),Mumbai – 400 053

Our Report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Ragini Chokshi & Co.  
Company Secretaries**

**G.D. Bhavsar  
Partner  
C.P. No. 16612  
ACS No. 12479**

**Place:** Mumbai  
**Date:** 28/08/2019



**ANNEXURE B**

**Form No. AOC – 2**

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis

All contracts arrangements / transactions with related parties were on arms' length basis and were in the ordinary course of business.

2. Details of material contracts or arrangement or transactions at arm's length basis

There was no material related party contract or arrangement or transaction during the year.

**ANNEXURE : C**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

**As on Financial Year ended on 31.03.2019**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014**

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	L74210MH1977PLC019535
2	Registration Date	5 <sup>th</sup> March, 1977
3	Name of the Company	VALECHA ENGINEERING LIMITED
4	Category/Sub-category of the Company	Public Company / Limited by shares
5	Address of the Registered office & contact details	Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053. Tel :022-2673 3625-29 Fax :022- 2673 3945
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	TSR Darashaw Consultants Private Limited, 6-10 Haji Moosa Patrawala Industrial, Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011. Tel : 022-6617855/26178548

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Roads and Other Projects	4210	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	<b>Valecha Infrastructure Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U55101MH1995PLC084399	Wholly Owned Subsidiary Company	100%	2(87)(ii)
2.	<b>Professional Realtors Private Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U45400MH2007PTC169197	Wholly Owned Subsidiary Company	100%	2(87)(ii)
3.	<b>Valecha LM Toll Private Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U74900MH2010PTC202289	Subsidiary Company	74%	2(87)(ii)
4.	<b>Valecha Badwani Sendhwa Toll Ways Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U45203MH2011PLC215905	Subsidiary Company	74%	2(87)(ii)
5.	<b>Valecha Kachchh Toll Roads Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U45203MH2011PLC219600	Subsidiary Company	58%	2(87)(ii)
6.	<b>Valecha International (FZE)</b>	-	Subsidiary	100%	2(87)(ii)
7.	<b>Valecha Realty Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U70109MH2007PLC175404	Associate Company	49.90%	2(6)
8.	<b>Aryavrat Tollways Private Limited</b> 1-A, Zee Plaza, Arjun Nagar, Safdarjung Enclave, Kamal Cinema Road, New Delhi -110029	U45203MP2012PTC029314	Associate Company	42.61%	2(6)

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### V. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2018				No. of Shares held at the end of the year i.e 31.03.2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	<b>A. Promoters</b>									
(a)	Individuals / Hindu Undivided Family	13,276	0	13,276	0.06	13,276	0	13,276	0.06	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	69,32,673	0	69,32,673	30.77	40,04,169	0	40,04,169	17.77	-13.00
(d)	Financial Institutions / Banks	0	0		0.00	0	0		0.00	0.00
(e)	Any Other (Specify)	0	0		0.00	0	0		0.00	0.00
(i)	Promoter Group	59,231	0	59,231	0.26	59,231	0	59,231	0.26	0.00
	<b>Sub-Total (A) (1)</b>	<b>70,05,180</b>	<b>0</b>	<b>70,05,180</b>	<b>31.09</b>	<b>40,76,676</b>	<b>0</b>	<b>40,76,676</b>	<b>18.09</b>	<b>-13.00</b>
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0		0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0		0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0		0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0		0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0		0.00	0.00
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>70,05,180</b>	<b>0</b>	<b>70,05,180</b>	<b>31.09</b>	<b>40,76,676</b>	<b>0</b>	<b>40,76,676</b>	<b>18.09</b>	<b>-13.00</b>
(B)	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
(a)	Mutual Funds / UTI	0	10,012	10,012	0.04	0	10,012	10,012	0.04	0.00
(b)	Financial Institutions / Banks	2,692	0	2,692	0.01	2,692	0	2,692	0.01	0.00
(c)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	6,99,772	0	6,99,772	3.11	6,99,772	0	6,99,772	3.11	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00

(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)						0			
(i)	Foreign Institutional Investors - DR	0	0	0	0.00	0	0	0	0.00	0.00
	Foreign Portfolio Investors - Corp	38,92,537	0	38,92,537	17.28	38,92,537	0	38,92,537	17.28	0.00
<b>Sub-Total (B) (1)</b>		45,95,001	10,012	46,05,013	20.44	45,95,001	10,012	46,05,013	20.44	0.00
(2)	Non-Institutions									
(a)	Bodies Corporate									
i)	Indian	11,39,775	0	11,39,775	5.06	10,16,845	55,458	10,72,303	4.76	-0.30
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	57,08,326	1,75,352	58,83,678	26.11	57,67,818	1,57,682	59,25,500	26.30	0.19
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	36,33,796	1,41,073	37,74,869	16.75	65,66,300	1,41,073	67,07,373	29.77	13.02
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other									
(i)	Trust	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Directors & their relatives	1,20,348	0	1,20,348	0.53	1,20,348	0	1,20,348	0.53	0.00
(iii)	IEPF	1,162	0	1,162	0.01	22,812	0	22,812	0.10	0.10
<b>Sub-total (B) (2)</b>		1,06,03,407	3,16,425	1,09,19,832	48.47	1,34,94,123	3,54,213	1,38,48,336	61.47	13.00
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>		1,51,98,408	3,26,437	1,55,24,845	68.91	1,80,89,124	3,64,225	1,84,53,349	81.91	13.00
<b>TOTAL (A)+(B)</b>		2,22,03,588	3,26,437	2,25,30,025	100.00	2,21,65,800	3,64,225	2,25,30,025	100.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRAND TOTAL (A)+(B)+(C)</b>		2,22,03,588	3,26,437	2,25,30,025	100.00	2,21,65,800	3,64,225	2,25,30,025	100.00	0.00

ii) and iii) Shareholding of Promoters & Promoter group/PAC and change

Sr. no	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Valecha Investment Private Ltd.	69,32,249	30.77	18.38	40,03,745	17.77	5.38	-13.00
2	Pavitra Ramchandra Valecha	7,169	0.03	0.00	7,169	0.03	0.00	0.00
3	Ramchand Hemandas Valecha	21,481	0.10	0.00	21,481	0.10	0.00	0.00
4	Kavita Vasudev Valecha	2,862	0.01	0.00	2,862	0.01	0.00	0.00
5	Sharda Hariram Valecha	10,125	0.04	0.00	10,125	0.04	0.00	0.00
6	Vasudev Pyarelal Valecha (HUF)	9,112	0.04	0.00	9,112	0.04	0.00	0.00
7	Alka Vasudev Valecha	1,948	0.01	0.00	1,948	0.01	0.00	0.00
8	Lata Vasudev Valecha	6,199	0.03	0.00	6,199	0.03	0.00	0.00
9	Dinesh H Valecha - Karta For Hariram Pyarelal Valecha (Huf)	4,500	0.02	0.00	4,500	0.02	0.00	0.00
10	Bhavana Ramchand Valecha	3,375	0.01	0.00	3,375	0.01	0.00	0.00
11	Dinesh Valecha	2,812	0.01	0.00	2,812	0.01	0.00	0.00
12	Umesh Hariram Valecha	2,587	0.01	0.00	2,587	0.01	0.00	0.00
13	Gopaldas Vasudev Construction Pvt.Ltd.	424	0.00	0.00	424	0.00	0.00	0.00
14	Geeta Dinesh Valecha	337	0.00	0.00	337	0.00	0.00	0.00
		<b>70,05,180</b>	<b>31.09</b>	<b>18.38</b>	<b>40,76,676</b>	<b>18.09</b>	<b>5.38</b>	<b>-13.00</b>

iv) Shareholding Pattern of Top 10 Shareholders (Other than Director, Promoters and Holders of GDRS and ADRs):

Sr. no	Name	No of shares as on 31.03.2018	No of shares as on 30.03.2019	Net Changes	% to Capital
1	Suman Kishanchand Aggarwal	0	29,28,504	2928504	13.00
2	Hypnos Fund Limited	2000000	2000000	0	0.00
3	Em Resurgent Fund	1000000	1000000	0	0.00
4	Orange Mauritius Investments Limited	8,92,537	8,92,537	0	0.00
5	General Insurance Corporation Of India	6,99,772	6,99,772	0	0.00
6	Hitesh Ramji Javeri	675226	675226	0	0.00
7	Mahesh Awatrai Bhojwani	5,24,015	5,24,015	0	0.00
8	Harsha Hitesh Javeri	4,50,000	4,50,000	0	0.00
9	Darshana Umakant Rege	3,00,000	3,00,000	0	0.00
10	Sanjay R. Chhabria	2,25,000	2,25,000	0	0.00
11	Soni Gopal Valecha	1,36,100	1,36,100	0	0.00

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2018)		Shareholding at the end of the year (as on 31.03.2019)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Jagdish Kishanchand Valecha	0	0.00	0	0.00
2	Arvind Maganlal Thakkar	120,348	0.53	120,348	0.53
3	Ketan Harshadrai Gandhi	800	0.00	800	0.00
4	Sonal Jitiya	0	0.00	0	0.00



**VI. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Crores)

	Secured Loans excluding deposits	Unsecured Loans	Fixed Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	413.55	-	29.03	442.58
ii) Interest due but not paid	114.54	-	2.62	117.16
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>528.09</b>	<b>-</b>	<b>31.65</b>	<b>559.74</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	65.57	-	-	65.57
* Reduction	(21.75)	-	(0.92)	(22.66)
<b>Net Change</b>	<b>43.83</b>	<b>-</b>	<b>(0.92)</b>	<b>42.91</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	454.39		28.16	482.55
ii) Interest due but not paid	117.53		2.58	120.11
iii) Interest accrued but not due	-		-	-
<b>Total (i+ii+iii)</b>	<b>571.92</b>		<b>30.74</b>	<b>602.66</b>

**VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors:**

(Rs. In Crores)

Sr. No.	Particulars of Remuneration	Name of MD/WTD			Total Amount
		Jagdish Valecha Vice Chairman cum Managing Director up to 11.03.2019	Tarun Dutta Whole Time Director up to 26.06.2018	Dinesh Valecha Whole Time Director up to 01.08.2018	
1	Gross salary	0.49	0.17	0.20	0.86
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.12	0.00	0.04	0.16
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5	Others, (EPF Company Contribution)	0.06	0.01	0.02	0.09
	<b>TOTAL</b>	<b>0.67</b>	<b>0.18</b>	<b>0.26</b>	<b>1.11</b>

## B. Remuneration to other directors

(Rs. In Crores)

Sr. No.	Particulars of Remuneration	Arvind Thakkar	Sonal Jitiya	Ketan Gandhi	Lalna Takekar	Total
1	Independent Directors					
	Fee for attending Board & Committee meetings	-	-	0.008	-	0.008
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	-	-	<b>0.008</b>	-	<b>0.008</b>
2	Other Non-Executive Directors	-			-	
	Fee for attending board & committee meetings	-	0.008	-	-	0.008
	Commission	-		-	-	-
	Others, please specify	-		-	-	-
	<b>Total (2)</b>	-		-	-	-
	<b>Total (B)=(1+2)</b>	-	<b>0.008</b>	<b>0.008</b>	-	<b>0.016</b>

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(Rs. In Crores)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	Chief Financial Officer	
1	Gross salary	-	0.16	0.16	<b>0.32</b>
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>0.16</b>	<b>0.16</b>	<b>0.32</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

## REPORT ON CORPORATE GOVERNANCE

A compliance report on Corporate Governance is included in this Annual Report in compliance of Regulation 34(3) read with Schedule V Part C appended to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter collectively termed as "said regulations")

### 1. Company's Philosophy on Code of Governance:

The basic philosophy of Corporate Governance of the Company is to achieve business excellence and dedicate itself to increasing long-term shareholders value, keeping in view the need and interest of all its stakeholders' viz. customers, shareholders, employees, regulatory bodies, vendors, bankers etc.

### 2. Board of Directors:

#### Composition and size of the Board:

<b>3 (Three) Non-Executive Independent Directors</b>	<b>2 (Two) Non- Executive Director</b>
--	--

The Board is headed by Mr. Arvind Thakkar, Independent and Non-Executive Chairman.

The members of the Board are acknowledged as businessmen and professionals in their respective fields.

Non-Executive Independent Directors bring independent judgment in the Board's deliberations and decisions.

The Company has no pecuniary relationship / transaction with any of the Non-Executive Directors other than those disclosed elsewhere in this Annual Report.

#### Board Meetings and Attendance

During the year 2018-2019, the Board met 6 times, with at least one meeting in every quarter and with a gap of less than 120 Days between two meetings on the following dates, namely:

15<sup>th</sup> May, 2018, 19<sup>th</sup> July, 2018, 21<sup>st</sup> August, 2018, 14<sup>th</sup> November, 2018, 19<sup>th</sup> February, 2019, 11<sup>th</sup> March, 2019.

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/she 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	DIN	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. Arvind Thakkar	Non-Executive & Independent	02208108	2	Not Attended	-	3	2
Mr. J. K. Valecha	Non- Executive	00013070	9	Attended	2	-	-
Mr. D. H. Valecha	Executive & Non-Independent upto 31.07.2018	00012945	2	-	2	-	-
Mr. D. H. Valecha	Additional Director 01.08.2018 to 30.09.2018	00012945	2	Attended	2	-	-
Mr. Tarun Dutta	Executive & Non-Independent upto 25.06.2018	07867786	-	-	-	-	-
Mr. Tarun Dutta	Additional Director 19.07.2018 to 30.09.2018	07867786	1	Attended	-	-	-
Mr. Ketan Gandhi	Non-Executive & Independent	00650579	6	Attended	1	3	1
Mrs. Sonal V. Jitiya	Non-Executive	00668047	6	Attended	-	3	-
Mrs. Lalna Takekar	Additional Director w.e.f. 28.03.2019	08111805	-	-	4	3	-

### 3. Audit Committee

#### Terms of Reference in brief:

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee subject to Section 177 of the Companies Act, 2013 and Regulation 18 and Part C of Schedule II of the SEBI Listing Regulations, 2015:

- i. Overseeing of the Company's financial reporting process and disclosure of financial information and financial/risk management policies.
- ii. Review of Quarterly and Annual Financial Statements ensuring compliance with regulatory guidelines and auditors report thereon.

- iii. Review of the adequacy of Internal Control Systems, discussion on significant Internal Audit findings including internal control and weakness, if any and risk management.
- iv. Recommend appointment, removal of Statutory Auditors, Cost Auditors, Internal Auditors & their remuneration.
- v. Review and approval of material related parties' transactions and subsequent modification thereto.
- vi. Review and approve appointment of CFO or any other person heading the finance function.
- vii. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- viii. Scrutiny of inter-corporate loans and investments.
- ix. Valuation of undertakings or assets of the Company, wherever it is necessary.
- x. Review Management Discussion & Analysis of financial condition and the Company's Financial Results
- xi. Review areas of operation of Internal Audit team & their performance

### Composition of Audit Committee of the Board:

Name of Director	Category	Chairman/Member
Mr. Arvind Thakkar	Non-Executive Independent Director	Chairman
Mr. Ketan Gandhi	Non-Executive Independent Director	Member
Mrs. Sonal Jitiya	Non-Executive Director	Member
Mrs. Lalna Takekar	Additional Director	Member

### Meetings of the Audit Committee:

The Audit Committee met 5 times during the year 2018-19 on 11<sup>th</sup> May, 2018, 19<sup>th</sup> July, 2018, 21<sup>st</sup> August, 2018, 14<sup>th</sup> November, 2018 and 19<sup>th</sup> February, 2019.

The attendance of the members at the meeting was as follows:

Name of Director	Position	Attendance at Meetings
Mr. Arvind Thakkar	Chairman	1
Mr. Ketan Gandhi	Member	5
Mrs. Sonal Jitiya	Member	5
Mrs. Lalna Takekar	Member	N.A.

The Chief Financial Officer is a permanent invitee at the meeting. The Company Secretary acts as the Secretary to the meeting

#### 4. Nomination and Remuneration Committee:

The terms of reference of the Nomination and Remuneration Committee are mentioned in the provisions of Section 178 of the Companies Act, 2013 read with Part D(A) of Schedule II and Regulation 19 of the SEBI Listing Regulations, 2015:

- i. Identifying persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board his/her appointment and removal;
- ii. Conduct the evaluation of every director's performance;
- iii. Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- iv. Recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- v. Formulation of criteria for evaluation of independent directors and the Board
- vi. Devising a policy on Board diversity; and
- vii. Any other matter as the Board may decide from time to time.

### Composition of Nomination and Remuneration Committee of the Board:

Name of Director	Category	Chairman/Member
Mr. Ketan Gandhi	Non-Executive Independent Director	Chairman
Mr. Arvind Thakkar	Non-Executive Independent Director	Member
Mrs. Sonal Jitiya	Non-Executive Director	Member
Mrs. Lalna Takekar	Additional Director	Member

The Company Secretary acts as the Secretary to the meeting

### Remuneration policy and Remuneration paid to Directors:

The sitting fees presently paid to the Non -Executive Directors for the F.Y. 2018-19 is Rs. 5,000/- per meeting of the Board, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. However, the same has been revised to Rs. 10,000/- per meeting w.e.f. 01<sup>st</sup> January, 2019.

There is no pecuniary relationship or transaction entered into by the Company with any of the Directors of the Company except as disclosed herein below as regards the remuneration including the sitting fees paid to them.

(Rs. in Crores)

Sr. No.	Name of Directors	Shareholding as on 31.03.2018	Salary and Perquisites	Sitting Fees	Commission	Total
1.	Mr. Jagdish K. Valecha	0	0.67	-	-	0.67
2.	Mr. Arvind Thakkar	1,20,348	-	-	-	-
3.	Mr. Ketan Gandhi	800	-	0.008	-	0.008
4.	Mrs. Sonal V. Jitiya	-	-	0.008	-	0.008
5.	Mrs. Lalna Takekar	-	-	-	-	-
	<b>Total</b>	-	<b>0.67</b>	<b>0.016</b>	-	<b>0.686</b>

The Company does not have any stock option scheme. Other than above mentioned fees, no other remuneration is paid to non-executive directors.

**5. Performance Evaluation criteria for Directors:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements), 2015 the Board has carried out an annual performance evaluation of the working of its own performance, the Directors individually as well as evaluation of its Committees.

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Independent Directors, Board of Directors and Committees of the Board of Directors.

The Board of Directors carry out the performance evaluation of Independent Directors and the director who is subject to evaluation does not participate during his evaluation.

**6. Independent Directors' Meeting**

During the year under review, the Independent Directors met on 11<sup>th</sup> March, 2019 *inter alia*, to:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors
- Assess the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors attended the Meeting.

**7. Familiarization programme for Independent Directors**

As and when a new Independent Director is appointed, the Company takes steps to familiarize the Independent Director with the Company, his/her roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

The Directors are also explained in detail about the compliances required from them under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

**8. Stakeholder's Relationship Committee:**

Stakeholders Relationship Committee specifically looks into redressing of Shareholders' and Investors' Complaints regarding transfer of shares, non-receipt of Dividend warrants and Annual Reports include enquiring into and redress complaints of Shareholders and Investors and to resolve the grievance of security holders of the Company.

All the requests / correspondence received for the financial year ended 31<sup>st</sup> March, 2019, were duly addressed by the Company/Registrar & Transfer Agent, **TSR Darashaw Consultants Private Limited**, appropriately. No queries are pending for resolution except where they are constrained by dispute or legal impediments or due to incomplete or non-submission of documents by the concerned Shareholders.

**Composition of Stakeholders Relationship Committee:**

Name of Director	Category	Chairman/Member
Mr. Arvind Thakkar	Non-Executive Independent Director	Chairman
Mr. Ketan Gandhi	Non-Executive Independent Director	Member
Mrs. Sonal Jitiya	Non-Executive Director	Member
Mrs. Lalna Takekar	Additional Director	Member

Name and Designation of the Compliance Officer: **Mr. Vijaykumar H. Modi**- Company Secretary & Legal.

During the year under review, the Company had received 6 complaints from shareholders and the same have been redressed to their satisfaction.

**9. Risk Management Policy**

The Company has set up a Risk Review Team ('Team') to review the risks faced by the Company and monitor the development and deployment of risk mitigation action plans. The Team reports to the Board of Directors and the Audit Committee who provide oversight for the entire risk management framework in the Company.

Accordingly, during the year, the Directors have reviewed the risk management policy and processes and also the risks faced by the Company and the corresponding risk mitigation plans deployed.

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The Company is not required to constitute a Risk Management Committee, as the Company falls outside the purview of the provisions of Regulation 21(5) of the SEBI Listing Regulations, 2015.

### 10. Details of establishment of Vigil Mechanism for directors and employees

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has framed a Vigil Mechanism/Whistle Blower policy with a view to maintain high standards of transparency in Corporate Governance, deal with unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, if any. No communication from any employee of the company under the Whistle Blower Policy was received during the year.

### 11. Subsidiary Companies:

None of the Company's subsidiary is a material subsidiary during the year under review.

The Audit Committee reviews the financial statements including the investments made by the unlisted subsidiary companies. The minutes of the Board of Directors of the unlisted subsidiary companies are provided to the Board of Directors of the Company as a part of the Board Meeting Agenda notes.

### 12. General Body Meetings:

The details of last three Annual General Meeting of the Company are as follows:

Date	Time	Details of Special Resolution	Relevant Section	Location
29.09.2018	03:00 p.m.	To consider the waiver of recovery of remuneration paid/ provided to Mr. Jagdish Valecha	197	Babasaheb Dahanukar Sabhagriha, Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai - 400001
		To consider the waiver of recovery of remuneration paid/provided to Mr. Dinesh Valecha		
		To consider the waiver of recovery of remuneration paid to Mr. Tarun Dutta		
29.09.2017	10:30 a.m.	Re-appointment and payment of remuneration to Mr. Jagdish K. Valecha	196, 197, 198 & 203	Babasaheb Dahanukar Sabhagriha, Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai - 400001
		Re-appointment and payment of remuneration to Mr. Dinesh H. Valecha		
		Appointment and payment of remuneration to Mr. Tarun Dutta		
28.12.2016	11:00 a.m.	-	-	M. C. Ghia Hall, K. D. Marg, Kala Ghoda, Mumbai - 400 001

As on date of this report, there is no proposal to pass any special resolution through Postal Ballot.

### 13. Disclosures:

- 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.
- The Director's Report includes details of Management Discussion and Analysis including Risks & Concerns.
- Whistle Blower Policy: The Company takes cognizance of complaints made and suggestions given by the employees and others.
- The mandatory requirements as per SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 have been complied with by the Company.

### 14. Means of Communication:

- Quarterly/Half yearly/Financial results are published in leading English & Marathi newspapers.
- Quarterly, Half Yearly and Annual Financial Results of the Company immediately after approval of the Board are sent to the Stock Exchange together with a copy of Limited Review Report/Audit Report and Half-yearly Statement of Assets & Liabilities as applicable.
- All the data related to Quarterly, Annual Financial Results, Shareholding Pattern etc. are uploaded as required in terms of SEBI(Listing Obligation and Disclosure Requirement), Regulations 2015.
- Management Discussion and Analysis Report forms part of the Annual Report.

### 15. Reconciliation of Share capital Audit Report:

A qualified practicing Company Secretary carried out a Reconciliation of Share capital 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.



**16. Code of Conduct:**

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company and the same is posted on the Company's website "www.valechaeng.com". All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and a declaration to this effect signed by the Managing Director has been obtained and is enclosed below.

**DECLARATION UNDER CODE OF CONDUCT:**

It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood for compliance with the Code of Conduct framed by the Company and confirmations for the year ended **31.03.2019** have been obtained from the Directors and Senior Management Personnel of the Company.

For and on behalf of the Board  
**For VALECHA ENGINEERING LIMITED**

**JAGDISH K. VALECHA**  
Vice Chairman & Director

Date : 30<sup>th</sup> July, 2019

Place : Mumbai

**17. CEO/CFO Certification**

As required under Listing Regulations, the Chief Executive Officer and the Chief Financial Officer of the Company have issued a certificate to the Board of Directors, for the year ended 31<sup>st</sup> March, 2019.

**18. VEL Code of Conduct for Prevention of Insider Trading:**

In compliance with SEBI's regulation on prevention of insider trading, the Company had instituted a comprehensive Code of Conduct for prevention of Insider Trading for its Designated Persons. The Code lays down guidelines, which regulates Trading Window period, seeks disclosures of annual holdings and prohibits dealing in shares of the Company during the closure of Trading Window or when in possession of unpublished price sensitive information, besides compliance with other related matters.

In accordance with the newly notified SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended by SEBI (Prohibition of Insider Trading) (Amendment) Regulation, 2018 the Company has laid down new Code of Conduct to regulate, monitor and report trading by Designated Persons pursuant to Regulation 9(1) and Schedule B of the SEBI (Prohibition of Insider Trading) Regulations.

**19. General Shareholder Information:**

42 <sup>nd</sup> Annual General Meeting	<b>Day &amp; Date</b> : Monday 30 <sup>th</sup> September, 2019 <b>Time</b> : 10:30 a.m. <b>Venue</b> : <b>Babasaheb Dahanukar Sabhagriha</b> Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda Fort, Mumbai - 400 001	
Financial Calendar	April to March (Financial year) First Quarter Results – 1 <sup>st</sup> /2 <sup>nd</sup> week of August Second Quarter Results – 1 <sup>st</sup> /2 <sup>nd</sup> week of November Third Quarter Results – 1 <sup>st</sup> /2 <sup>nd</sup> week of February Annual Audited Result – Last week of May	
Book Closure	Monday, 23 <sup>rd</sup> September, 2019 to Monday, 29 <sup>th</sup> September, 2019	
Listing on Stock Exchange	<b>BSE Limited</b>	<b>National Stock Exchange of India Limited</b>
a) Stock Code No.	532389	VALECHAENG
a) Code on Screen	532389	VALECHAENG
Disclosure on suspension of trading	w.e.f. 29 <sup>th</sup> November, 2016 for Non-submission of Audited/Unaudited Results for the year ended 31 <sup>st</sup> March, 2016 and Quarter ended 30 <sup>th</sup> June, 2016. The company is in the process of making an application to the Stock Exchanges and is taking all the efforts to restore the trading of shares.	
Registrar and Transfer Agents	<b>TSR Darashaw Consultants Private Limited</b> <b>CIN:</b> U74999MH2018PTC307859 6-10 Haji MoosaPatrawala 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.

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\* Distribution of Shareholding: As on 31<sup>st</sup> March, 2019.

Shareholding of Nominal Value		Shareholders		Share Amount	
Rs.	Rs.	No.	% to Total	Rs.	% to Total
1	5,000	11,949	81.75	1,83,55,720	8.15
5,001	10,000	1,328	9.09	1,08,17,780	4.80
10,001	20,000	670	4.58	1,02,04,640	4.53
20,001	30,000	244	1.67	62,16,590	2.76
30,001	40,000	109	0.75	38,87,290	1.73
40,001	50,000	82	0.56	38,88,860	1.73
50,001	1,00,000	138	0.94	1,02,99,900	4.57
1,00,001	Above	96	0.66	16,16,29,470	71.74
<b>TOTAL</b>		<b>14,616</b>	<b>100.00</b>	<b>22,53,00,250</b>	<b>100.00</b>

Shareholding Pattern as on 31.03.2019			
Sr. No.	Category	No. of Shares	%
1	Promoters (Promoter group)	40,76,676	18.09
2	NRI's	1069195	4.75
3	Bodies Corporate	1072303	4.76
4	Financial Institutions/Mutual Fund	712476	3.16
5	Foreign Institution Investors	38,92,537	17.28
6	<b>Others:</b>		0.00
	Independent Directors	1,20,348	0.53
	Shares held by Custodians issued against GDRs		0.00
	Indian Public	11563678	51.33
	Investor Education Protection Fund	22,812	0.10
	<b>TOTAL</b>	<b>2,25,30,025</b>	<b>100.00</b>

\* Dematerialization of Shares: As on 31<sup>st</sup> March, 2019, 98.38% of the Company's total shares representing 2,21,65,800 shares were held in dematerialized form.

The Share are available in Demat form with:

- Central Depository Services (India) Limited ISIN-INE624C01015
- 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.  
CIN : L74210MH1977PLC019535  
Tel : 022 - 2673 3625 to 29  
Fax : 022 - 2673 3945  
E-mail: [ho@valecha.in](mailto:ho@valecha.in)  
[investor.relations@valecha.in](mailto:investor.relations@valecha.in)

For and on behalf of the Board  
**For VALECHA ENGINEERING LIMITED**

**JAGDISH K. VALECHA**  
Vice Chairman & Director

Place: Mumbai

Date: 30<sup>th</sup> July, 2019

**CERTIFICATE ON CORPORATE GOVERNANCE**

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 March 31, 2019, as stipulated in Regulation 17 to 27, Clauses (b) to (i) of Regulation 46 (2) and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with Stock Exchanges in India.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for the purpose of the review and the information and explanations given to us by the Company during the course of such review.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has in all material respect complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulation and Listing Agreement.

We further 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 Ragini Chokshi & Co.**

**Ragini Chokshi**  
**Partner**  
**Mem No.2390**  
**C.P.No.1436**

**Date:** 29.08.2019

**Place:** Mumbai

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members of

**Valecha Engineering Limited**

"Valecha Chambers" 4<sup>th</sup> Floor, Plot No.B-6,  
Andheri New Link Road, Andheri (West),  
Mumbai MH 400053

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **VALECHA ENGINEERING LIMITED** having CIN **L74210MH1977PLC019535** and having registered office at "**VALECHA CHAMBERS" 4TH FLOOR, PLOT NO.B-6, ANDHERI NEW LINK ROAD, ANDHERI (WEST) MUMBAI - 400053** (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors except Mr. Ketan H Gandhi on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Jagdish Kishinchand Valecha	00013070	11/06/2009
2	Ketan Harshadrai Gandhi	00650579	22/03/2017
3	Sonal Vijay Jitiya	00668047	22/03/2017
4	Arvindkumar Maganlal Thakkar	02208108	01/08/2006
5	Lalna Bharat Takekar	08111805	28/03/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Ragini Chokshi & Co.**

**Ragini Chokshi**  
**(Partner)**  
**C.P.NO. 1436**  
**FCS NO. 2390**

**Date:** 28.08.2019

**Place:** Mumbai

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Introduction

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development.

### Government Initiatives and Opportunities

The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport.

The Government of India is taking every possible initiative to boost the infrastructure sector. Announcements in Union Budget 2019-20:

- The Government of India has given a massive push to the infrastructure sector by allocating Rs 4.56 lakh crore for the sector.
- The Indian Railways received allocation under Union Budget 2019-20 at Rs 66.77 billion. Out of this allocation, Rs 64.587 billion (US\$ 8.95 billion) is capital expenditure.
- Rs 83,015.97 crore allocated towards road transport and highway.

### Achievements

Following are the achievements of the government in the past four years:

- The total national highways length increased to 122,434 kms in FY18 from 92,851 kms in FY14.
- India's rank jumped to 24 in 2018 from 137 in 2014 on World Bank's Ease of doing business - "Getting Electricity" ranking.
- Energy deficit reduced to 0.7 per cent in FY18 from 4.2 per cent in FY14.
- Number of airports has increased to 102 in 2018.

### Efficiency-Improving Technology

The biggest differentiator for builders and developers this year is likely to be technology in construction — specifically, the innovations that can enhance efficiency.

### Outlook

The Company has been going through a challenging time over the past few years. Debt commitments in terms of interest expenses kept on mounting leading to tightening of liquidity position and profitability erosion of the business. However, in a bid to revive the business and restore its financials the Company has undertaken a series of measures directed towards improving its operational efficiencies, cutting down on expenses and negotiating with the bankers for securing better terms on existing debt. The Company's strategic initiatives are also ably supported by improving macro environment on the back of supportive policies of the government. The Company is optimistic that the above factors will help it emerge as a stronger and more focused EPC player. The future looks even more bullish for various reasons. The increasing demands on infrastructure will see the implementation of mega and complex projects. The Company is tying up with JV partners to bid for new projects.

### Financial and Operational Performance

The Company has achieved a turnover of Rs.184.30 crores as at 31<sup>st</sup> March, 2019 against Rs 207.80 crores resulting into a decrease by 11.31%.

### Internal Control System

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has appointed external Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

Consequent to implementation of Companies Act, 2013 (Act), the Company has complied with the specific requirements in terms of Section 134(5) (e) of the Act calling for establishment and implementation of an Internal Financial Control framework that supports compliance with requirements of the Act in relation to the Directors' responsibility statement.

### Human resources

The company's mission has always been in creating an exciting workplace where opportunities are made available for employees to perform, deliver results to their fullest potential and add value to the organizational growth. Effective and judicious redeployment of manpower played a significant role in ensuring timely mobilization of key personnel required at new project sites.

Improved communication channels, periodic brain-storming sessions, sharing best practices and use of technology to our advantage, augmented the seamless working between sites and various departments and brought in the required coordination for achieving our company's goals & objectives. Periodic reviews and visits were undertaken to ensure costs are kept under control amidst stringent monitoring.

The Top Management's active involvement in Operations provided the thrust & impetus for smooth & effective execution of ongoing projects. Senior leadership team continued to guide, mentor and instill the sense of pride, ownership & commitment amongst the employees so as to strive to excel in this highly competitive Infrastructure industry

### SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS COMPARED TO PREVIOUS YEAR

Sr. No.	Particulars	2018-19	Change %
1	Current Ratio	1.05	3%
2	Debt Equity Ratio	19.91	-4%
3	Operating Profit Margin (%)	-5.21%	58%
4	Net Profit Margin (%)	0.63%	104%

### Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the infrastructure sector, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.

## INDEPENDENT AUDITOR'S REPORT

To The Members of Valecha Engineering Limited

### Opinion

#### Report on the Audit of Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Valecha Engineering Limited** ("the Company"), which comprises of Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, its profits (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

#### Basis for Qualified Opinion:

- a) The Company has not evaluated impairment provisions for expected credit losses (ECL) as required under Ind AS 109 "Financial Instruments" towards:
- Loans & advances aggregating to Rs. 258.07 crores given to its four subsidiaries and one step-down subsidiaries;
  - Investments aggregating to Rs. 41.97 crores in its four subsidiaries and Rs. 0.02 crores in one associate;
  - Corporate Guarantee aggregating to Rs.936.96 crores to Banks on behalf of the two subsidiaries and two step-down subsidiaries. The Company has also not done any fair valuation of such Corporate guarantees as per the requirements of Ind AS 113 but has only recognized the guarantee fees/commission for the respective periods upto March 31, 2018 of Rs. 28.01 Crores. The Company has not recognized any Guarantee Fees / Commissions during the Current Year in view of the already weak financial position of such subsidiaries and step down subsidiaries. No reversals/impairment have been done for the guarantee fees / commission recognized upto March 31, 2018.

The net-worth of the above referred subsidiaries, the step down subsidiaries and one associate is completely eroded on account of continuing losses incurred in the past. In the absence of any further detailed information, we are unable to comment upon the resultant impact which may arise owing to fair valuation adjustment of referred Corporate guarantees the impairment provision for expected credit losses on the above referred Loans & advances, Investments, if any, and its resultant impact on the profit of the year.

Attention is invited to Note No. 51 to the Financial Statements regarding the fact of the Initiation of NCLT proceedings against one of the step down subsidiary of the Company as detailed in the note thereon and its corresponding and consequential impact on the profit, assets and liabilities of the Company.

Further, the Company has also invested Rs. 0.05 crores in one of its Associate Company, financial statements of which are not made available by the Management, in the absence of detailed information and financial statements, we are unable to comment upon the need for impairment provisions, which may be required and the resultant impact on the profit for the year, if any.

- b) We draw attention to Note No. 41 to the Financial Statements, where the Company has not provided for any regular interest for the current year as it expects certain relief in view of the proposed settlement proposals being pursued by the Management. The Company has also not provided any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons.

The Company has also not provided for interest amounting to Rs. 3.57 crores on late payment of Tax deducted at Source.

In absence of detailed computation of penal interest, we are unable to comment on its resultant impact on the profit for the year.

- c) We draw attention to Note No. 42 to the Financial Statements where the Company has assigned its loan amounting to Rs. 23.29 crores to its various creditors. Accordingly, the Company has offset the amounts payable to such creditors with its Loan receivable. However, we have not been provided with confirmations / appropriate documentation to verify such assignment of loan / offsetting and accordingly are unable to comment upon the resultant impact, if any on the assets and liabilities as at March 31, 2019.

- d) We draw attention to Note No. 43 to the Financial Statements where the Company has during the year transferred its title in Investment in Equity Shares of Bhubaneswar Express Ways Private Limited ("BEWPL") to KSS Petron Private Limited (earlier known as "Kazstroy Services Infrastructure (India) Private Limited") ("KSSPPL") in accordance with the terms of Option Agreement entered into between the Company and KSSPPL and has accordingly offset the Loan account of KSSPPL with the Cost of Investments in BEWPL. We have only been provided with the email correspondence between the Company and KSSPPL whereby KSSPPL has exercised its call notice, however we have not been provided

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with the Options Agreement to verify whether the Company had the right under the above arrangement to transfer such Investments at its Cost to the Company and offset such Investment balances with the Loan payable outstanding of KSSPPL. Accordingly, we are unable to comment upon the resultant impact, if any on the assets and liabilities as at March 31, 2019.

e) We draw attention to Note No. 44 to the Financial Statements, the Company has not repaid deposits (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.74 crores as at March 31, 2019 as per the contractual terms and repayment schedule / order passed by the Company Law Board - New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO.05(MB) 2016). The Company has also not provided for regular interest on such deposits for the F.Y. 2017-18 and F.Y.2018-19 as per the terms of issue and acceptance of deposits. Further, the Company has also not provided penal interest and fine as may be applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014. Non provision of such interest is not in compliance with Ind AS 23 "Borrowing Cost". In absence of detailed information and computation of such regular interest, penal interest and fine, if any, we are unable to comment upon its resultant impact on the profit of the year.

f) We draw attention to Note No. 45 to the Financial Statements, the Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes Rs. 160.30 crores pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities.

The Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates as referred in point (a) above) amounting to Rs. 3.56 crores and to others amounting to Rs. 157.32 crores as at March 31, 2019. In absence of detailed information, third party confirmation/ reconciliation, we are unable to comment upon its recoverability and corresponding impact of impairment on profit of the year.

g) We draw attention to Note No. 46 to the Financial Statements, where the Company in relation to its seventeen project sites, which have either been de-mobilized or completed or otherwise shut or non-operational, could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the year. Movement in accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office division. Such Project Sites comprises total assets of Rs. 112.29 crores and total liabilities of Rs. 73.54 crores as at the year end. In view of unavailability of information, we are unable to comment upon the resultant impact, if any on profit for the year and assets & liabilities as at March 31, 2019 of the Company, had the said units been verified by us.

h) The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the net profit for the year and assets & liabilities as at year ended, the amounts whereof are presently not ascertainable.

i) There are various Legal Cases filed by / against the Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the profit for the year ended, accumulated losses, liabilities as at the year end, the amounts whereof are presently not ascertainable.

### **Qualified Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, its profits (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### **Material Uncertainty Related to Going Concern:**

We draw attention to Note No. 41 & Note No. 52 to the Financial Statements which indicates that the Company has accumulated losses and its net worth has been substantially eroded and there has been defaults in repayment of various borrowings and deposits. These conditions, along with other matters set forth in Note No 41 & Note No. 52, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in Note No.52 to the Financial Statements.

### **Emphasis of matters:**

a) We draw attention to Note No. 50 to the Financial Statements, where the Company has stated that Other Current Assets as at March 31, 2019 includes Rs. 34.42 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of these amounts and we have relied on the management assertions for recovery of these amounts.

b) The value of inventory is taken and valued as per the details furnished and certified by Management.

c) We draw attention to Note no. 49 to the Financial Statements where the Company has paid / provided managerial remuneration of Rs. 1.10 Crores and Rs 1.98 Crores in current year and previous year, respectively and is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration in terms of the special resolution passed by the members in their Annual General Meeting.

Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Sr. No.	Key Audit Matters	Auditor's response
1	<b>Adoption of Ind AS 115 – Revenue from Construction Contracts</b>	
	<p>There are significant accounting judgment including estimation of costs to complete, determining the stage of completion and the timing of revenue recognition.</p> <p>The Company recognizes revenue and profit/loss on the basis of stage of completion based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of revenue and profit/loss therefore rely on estimates in relation to total estimated costs of each contract.</p> <p>Refer to Note Number 2.7 Summary of significant accounting policies – “Revenue Recognition” of the Standalone Financial Statements</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 and testing thereof.</li> <li>• Testing of the design and implementation of controls involved for the determination of the estimates used as well as their operating effectiveness;</li> <li>• Testing the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard;</li> <li>• Testing a sample of contracts for appropriate identification of performance obligations;</li> <li>• For the sample selected, reviewing for change orders and the impact on the estimated costs to complete;</li> <li>• Discussion with the qualified &amp; experienced project personnel regarding estimates of costs to complete for sample contracts, determination of milestones, various inherent contingencies in the contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul>
2	<b>Evaluation of Uncertain Indirect Tax positions</b>	
	<p>The Company has material indirect tax matters pending for assessments which involves significant judgment to determine the possible outcome of these assessments.</p> <p>Refer to Note Number 50 of the Standalone Financial Statements.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained details of key uncertain indirect tax matters;</li> <li>• Discussed with appropriate senior management and evaluated the Management's underlying key assumptions in estimating the tax provisions;</li> <li>• Assessed management's estimate of the possible outcome of the assessment proceedings in evaluating management's position on these uncertain tax positions.</li> </ul>

**Information Other than the Standalone Financial Statements and Auditor's report thereon**

The Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board report, Corporate Governance report and Shareholder's information, but does not include the standalone financial statement and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and those charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work and (ii) to evaluate the effect of an identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter:

- a) Opening balances have been considered based on the audited financial statements issued by the predecessor auditor whose qualified audit report dated 19<sup>th</sup> July, 2018 have been furnished to us.
- b) Our report is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. Pursuant to the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Standalone Ind As Financial Statements.
  - (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Standalone Ind As Financial Statements have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance sheet, the Statement of Profit & Loss (including other comprehensive income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) Except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representation received from the directors as on March 31, 2019 taken on record by the Board of Directors, one of the directors is disqualified as on March 31, 2019 from being appointed as a Directors in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Sec 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. [Refer Note No. 31]
  - ii. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts.
  - ii. There has been delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Bagaria & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No:**  
**113447W/W-100019**

**Vinay Somani**  
**Partner**  
**Membership No: 143503**  
**UDIN : 19143503AAAAFN5914**

**Place : Mumbai**  
**Date : July 30, 2019**

**Annexure “A” referred to in “Report on Other Legal and Regulatory Requirements” section of our report to the members of Valecha Engineering Limited of even date:**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) A major portion of fixed assets have been physically verified by the management in accordance with the programme of verification, which, in our opinion, provides for physical verification of all fixed assets at reasonable interval having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, the discrepancies noticed on such verification were properly dealt with in the books of account.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) According to the information and explanations given to us, the inventories have been physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- iii) The Company has granted short-term interest-free unsecured loans to five subsidiaries (including 1 step-down subsidiaries) covered in the register maintained under Section 189 of the Act, and with respect to the same:
- a. In our opinion the terms and conditions of such loans are not, prima facie, prejudicial to the Company's interest;
- b. The Company has granted short term interest-free unsecured loan which are payable on demand. Hence clause iii(b) and iii(c) are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions referred to in section 185 of the Act. The Company has complied with the provisions of 186 of the Act with respect to the loans and investments made.
- v) According to the information and explanations given to us, during the year the Company has not accepted any deposit from the public. However, the Company has defaulted in repayment of Deposits accepted in previous years amounting to Rs.28.16 Crores and cumulative interest thereon of Rs.2.58 Crores. Further, the Company has not complied with repayment schedule / order passed by the Company Law Board – New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO. 05(MB) 2016). Further, the Company has also not provided penal interest and fine as levied under rule 21 of (Acceptance of Public Deposit) Rules, 2014.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable, except for the following :

Name of the Statute	Nature of the Dues	Amount (Rs. in Crores)	Period to which the amount relates	Due Date
Income Tax Act, 1961	Tax Deducted at source	0.09	FY 2014-15	7th day from the end of the relevant month.
		4.24	FY 2015-16	7th day from the end of the relevant month.
		1.86	FY 2016-17	7th day from the end of the relevant month.
		0.14	FY 2017-18	7th day from the end of the relevant month.
		0.23	April 2018 to September 2019	7th day from the end of the relevant month.
<b>Total</b>		<b>6.63</b>		
Provident Fund & Misc. Provision Act 1952.	Provident Fund Contribution	0.09	FY 2015-16	15th day from the end of the relevant month.
		0.04	FY 2016-17	15th day from the end of the relevant month.
		0.14	FY 2017-18	15th day from the end of the relevant month.
		0.56	April 2018 to September 2019	15th day from the end of the relevant month.
<b>Total</b>		<b>0.82</b>		
Goods and Service Act, 2017	Goods and Service Tax	0.54	FY 2017-18	20 <sup>th</sup> day from the end of the relevant month.
		1.03	April 2018 to September 2019	20 <sup>th</sup> day from the end of the relevant month.
<b>Total</b>		<b>1.57</b>		

- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Income Tax, Sales Tax, Service tax, Duty of Customs, Duty of Excise and Value Add Tax which have not been deposited on account of any dispute.

- viii) In our opinion and according to the information and explanations given to us, except for the loans, borrowings, and dues mentioned below, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. Further, the Company does not have any debentures issued / outstanding any time during the year.

Rs. In Crores

Particulars	Amount of Default		Total	Period of Default
	Principal	Interest		
<b>Term Loan</b>				
Central Bank Of India	35.98	13.04	49.02	30 to 1279 Days
Syndicate Bank	58.16	19.71	77.88	30 to 1186 Days
Yes Bank	6.90	1.65	8.56	30 to 668 Days
State Bank of India	12.08	3.47	15.56	30 to 1095 Days
<b>Working Capital Facilities</b>				
State Bank of India	195.53	44.48	240.01	30 to 1097 Days
Axis Bank Ltd	71.66	13.44	85.10	30 to 1106 Days
Canara Bank	22.39	1.93	24.32	30 to 1266 Days
Lakshmi Vilas Bank	30.30	-	30.30	30 to 456 Days
<b>Fixed Deposits from Public</b>	28.16	2.58	30.74	30 to 1673 Days
<b>Machinery Loan</b>				
SREI Equipment Finance Ltd.	20.16	10.28	30.44	30 to 730 Days
<b>Total</b>	<b>482.19</b>	<b>110.63</b>	<b>592.82</b>	

- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. No fresh term loans were obtained during the year.
- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by the officers or employees has been noticed or reported during the year, except for the following instance of fraud on the Company:  
The Company has received order from Securities and Exchange Board of India (SEBI) on January 5, 2016 under section 11, 11B and 11(4) of the SEBI Act, 1992 Regulation 11 of the SEBI (Prohibition of Fraudulent And Unfair Trade Practices Relating to Securities Market) Regulations, 2003, which has restrained the Company from raising capital from public and further prohibit from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner, whatsoever, for the period of three years from the date of Order.
- xi) According to the information and explanations given to us and based on the examination of the records, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. However, since the Company has defaulted in repayment of public deposits, the Company is required to obtain approval from its secured lenders for the remuneration paid / payable to the Directors which is yet to be received.
- xii) The provisions of Nidhi Company are not applicable to the Company. Therefore, Para 3 (xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us, the provision of Section 177 and 188 of the Act, to the extent applicable, in respect of transactions with the related parties have been complied by the Company and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards in Note No. 36 to the Ind AS Financial Statements.
- xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, Para 3 (xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with him under Section 192 of the Act.
- xvi) According to the information and explanations given to us the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For Bagaria & Co. LLP  
Chartered Accountants  
Firm Registration No:  
113447W/W-100019

Vinay Somani  
Partner

Membership No: 143503  
UDIN : 19143503AAAAFN5914

Place : Mumbai  
Date : July 30, 2019

### **Annexure “B” referred to in “Report on Other Legal and Regulatory Requirements” section of our report to the members of Valecha Engineering Limited of even date:**

#### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of **Valecha Engineering Limited** (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential component of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company’s internal financial controls over financial reporting as at March 31, 2019:

- a. The Company is not having a full fledge ERP system to manage different operational activities. Accordingly, many of the operations, which would have been taken care by the system, required manual intervention and to that extent there are limitations in control system and processes.  
The discrepancies noticed due to the above weakness, were, however, rectified by the year end with manual intervention.
- b. The Company did not have an appropriate internal control system at seventeen (17) projects sites which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection and could potentially result in material misstatements in the Company’s trade payables, consumption, inventory and expense account balances.

A ‘material weakness’ is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.



In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the said Guidance Note.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2019.

**For Bagaria & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No:**  
**113447W/W-100019**

**Vinay Somani**  
**Partner**  
**Membership No: 143503**  
**UDIN : 19143503AAAAFN5914**

**Place : Mumbai**  
**Date : July 30, 2019**

**BALANCE SHEET AS AT MARCH 31, 2019**

(₹ In Crores)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant & Equipment	3	12.06	27.86
(b) Investment Property	3.1	5.62	5.72
(c) Financial Assets			
(i) Investments	4	42.12	68.98
(ii) Other Financial Assets	5	32.16	24.45
(d) Other Non-Current Assets	6	18.08	27.30
<b>Total Non Current Assets</b>		<b>110.04</b>	<b>154.31</b>
<b>Current Assets</b>			
(a) Inventories	7	1.23	15.19
(b) Financial Assets			
(i) Trade Receivables	8	309.21	329.35
(ii) Cash & Cash Equivalents	9	7.08	6.04
(iii) Bank Balances other than (ii) above	10	4.97	6.98
(iv) Loans	11	418.96	398.71
(v) Other Financial Assets	12	2.78	0.85
(c) Other Current Assets	13	35.38	37.30
<b>Total Current Assets</b>		<b>779.61</b>	<b>794.42</b>
<b>Total Assets</b>		<b>889.65</b>	<b>948.73</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	14	22.53	22.53
(b) Other Equity	15	9.10	6.69
<b>Total Equity</b>		<b>31.63</b>	<b>29.22</b>
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	27.08	28.19
(ii) Other Financial Liabilities	17	88.29	114.87
<b>Total Non Current Liabilities</b>		<b>115.37</b>	<b>143.06</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	319.88	283.38
(ii) Trade Payables	19		
- Total outstanding dues of micro enterprises and small enterprises; and		2.69	2.77
- Total outstanding dues of creditors other than micro enterprises and small enterprises		99.21	150.40
(iii) Other Financial Liabilities	20	282.94	293.13
(b) Other Current Liabilities	21	36.65	45.87
(c) Provisions	22	1.29	0.90
<b>Total Current Liabilities</b>		<b>742.65</b>	<b>776.45</b>
<b>Total Equity &amp; Liabilities</b>		<b>889.65</b>	<b>948.73</b>
Significant Accounting Policies	1 & 2		
See Accompanying notes forming part of the Financial Statements	3 to 53		

In term of our Report attached

**For Bagaria & Co. LLP**

Chartered Accountants

FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Jagdish K.Valecha**  
Vice-Chairman and Director  
DIN : 00013070

**Tarun Dutta**  
Chief Executive Officer

**Vinay Somani**  
Partner  
Membership No. 143503

**Ketan H. Gandhi**  
Director  
DIN : 00650579

**Sonal V. Jitiya**  
Director  
DIN : 00668047

**Lalna B. Takekar**  
Director  
DIN : 08111805

Place : Mumbai.  
Date : 30th July 2019

**Anil S. Korpe**  
Chief Financial Officer

**Vijay Kumar H. Modi**  
Company Secretary & Legal

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(₹ In Crores)

	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>Income</b>			
Revenue from Operations	23	184.30	207.80
Other Income	24	17.23	67.69
<b>Total Income</b>		<b>201.53</b>	<b>275.49</b>
<b>EXPENSES</b>			
Construction Expenses	25	160.18	185.81
Changes in Inventories	26	13.96	25.44
Employee Benefit Expenses	27	7.44	8.00
Finance Cost	28	1.28	67.16
Depreciation and Amortization Expenses	3, 3.1	5.18	10.14
Other Expenses	29	12.33	14.39
<b>Total Expenses</b>		<b>200.37</b>	<b>310.94</b>
<b>Profit/ (Loss) Before Exceptional Items and Tax</b>		<b>1.16</b>	<b>(35.45)</b>
Exceptional Items (Net)		-	-
<b>Profit/ (loss) Before Tax</b>		<b>1.16</b>	<b>(35.45)</b>
<b>Tax Expenses</b>			
Current Tax (Including earlier year taxation)		-	1.66
Deffered Tax		-	-
		-	1.66
<b>Profit/ (Loss) for the year</b>		<b>1.16</b>	<b>(37.11)</b>
<b>Other Comprehensive Income / (Loss)</b>			
A. (i) Items that will not be reclassified to profit or loss			
(a) Fair Value of Financial Instruments		(0.29)	(1.55)
(b) Re-measurement of defined benefit plans		0.15	(1.13)
(ii) Income tax relating to items that will not be classified to profit or loss		-	-
B. (i) Items that will be reclassified to profit or loss			
(a) Re-measurement of gain/(loss) of investment/advances in foreign subsidiary		1.39	-
(ii) Income tax relating to items that will be classified to profit or loss		-	-
<b>Other Comprehensive Income / (Loss) for the year</b>		<b>1.25</b>	<b>(2.68)</b>
<b>Total Comprehensive Income for the year</b>		<b>2.41</b>	<b>(39.79)</b>
<b>Earnings per Equity Share of Face Value of ₹ 10 each</b>			
Basic and Diluted	30	0.51	(16.47)
Significant Accounting Policies	1 & 2		
See Accompanying notes forming part of the Financial Statements	3 to 53		

In term of our Report attached

**For Bagaria & Co. LLP**

Chartered Accountants

FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Jagdish K.Valecha**  
Vice-Chairman and Director  
DIN : 00013070

**Tarun Dutta**  
Chief Executive Officer

**Vinay Somani**  
Partner  
Membership No. 143503

**Ketan H. Gandhi**  
Director  
DIN : 00650579

**Sonal V. Jitiya**  
Director  
DIN : 00668047

**Lalna B. Takekar**  
Director  
DIN : 08111805

Place : Mumbai.  
Date : 30th July 2019

**Anil S. Korpe**  
Chief Financial Officer

**Vijay Kumar H. Modi**  
Company Secretary & Legal

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Crores)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>A. Cash flow from Operating activities</b>		
Profit/(Loss) Before Tax	1.16	(35.45)
<b>Add / (Deduct) Adjustment for :</b>		
Depreciation and Amortization Expense	5.18	10.14
Loss / (Profit) on sale of property, plant & equipments, Investment Property (net)	0.80	(12.32)
Impairment of Plant and Equipments	4.02	0.02
Finance Cost	1.28	67.16
Interest Income	(4.79)	(2.93)
Fair Value of Financial Instruments	(0.29)	(1.55)
Re-measurement of defined benefit plans	0.15	(1.13)
Re-measurement of gain/(loss) of investment/advances in foreign subsidiary	1.39	-
Rental Income from Investment Properties	(1.25)	(1.94)
<b>Operating Profit/ (Loss) before Working Capital changes</b>	<b>7.64</b>	<b>21.99</b>
<b>Changes in Working Capital:</b>		
<b>Adjustment for (increase) / decrease in operating assets:</b>		
Decrease in Inventories	13.96	25.44
(Increase)/ Decrease in Trade Receivable	20.14	28.66
(Increase) / Decrease Loans	(20.25)	(16.60)
(Increase)/ Decrease in other current assets and non-current financial assets	(5.71)	0.91
<b>Adjustment for (increase) / decrease in operating liabilities:</b>		
Increase/ (Decrease) in Trade Payables	(51.28)	(65.20)
Increase/(Decrease) in other current and financial liabilities (non-current)	(45.99)	30.40
Increase/ (Decrease) in Provisions	0.38	0.33
<b>Cash Generated From / (used in) Operations</b>	<b>(81.11)</b>	<b>25.93</b>
Direct Taxes (Paid)	9.23	5.08
<b>Net Cash Flow from operating activities (A)</b>	<b>(71.88)</b>	<b>31.01</b>
<b>B. Cash Flow from investing activities</b>		
Capital Expenditure for Property, Plant and Equipments, Investments Property, Intangible Assets including CWIP	(0.27)	(0.25)
Proceeds from disposal of Property, Plant and Equipment, Investment Property	6.18	22.14
Investments in subsidiaries	(0.02)	-
Investments in shares	-	-
Sale of non-current and current investments	26.88	-
Interest received	4.79	2.93
Rental Income from investment property	1.25	1.94
<b>Net Cash flow from investing activities (B)</b>	<b>38.81</b>	<b>26.76</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from/ (Repayment) of long term borrowings	(1.11)	(28.67)
Net increase / (Decrease) in Working Capital borrowings	36.50	29.03
Finance Cost	(1.28)	(67.16)
<b>Net Cash flow used in financing activities (C)</b>	<b>34.11</b>	<b>(66.80)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>1.04</b>	<b>(9.03)</b>
Cash and Cash Equivalent at the beginning of the year	6.04	15.07
<b>Cash and Cash Equivalent at the end of the year</b>	<b>7.08</b>	<b>6.04</b>
<b>Note: Figures in brackets represents cash outflow</b>		
Significant Accounting Policies	1 & 2	
See Accompanying notes forming part of the Financial Statements	3 to 53	

In term of our Report attached

**For Bagaria & Co. LLP**  
Chartered Accountants  
FRN : 113447W/ W-100019

For and on behalf of the Board

**Jagdish K.Valecha**  
Vice-Chairman and Director  
DIN : 00013070

**Tarun Dutta**  
Chief Executive Officer

**Vinay Somani**  
Partner  
Membership No. 143503

**Ketan H. Gandhi**  
Director  
DIN : 00650579

**Sonal V. Jitiya**  
Director  
DIN : 00668047

**Lalna B. Takekar**  
Director  
DIN : 08111805

Place : Mumbai.  
Date : 30th July 2019

**Anil S. Korpe**  
Chief Financial Officer

**Vijay Kumar H. Modi**  
Company Secretary & Legal

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019**

(₹ In Crores)

A. Equity Share Capital		Nos. of Shares	Amount
<b>Balance as at April 01, 2017</b>		2,25,30,025	22.53
Add: Equity Shares allotted during the year		-	-
<b>Balance as at March 31, 2018</b>		2,25,30,025	22.53
Add: Equity Shares allotted during the year		-	-
<b>Balance as at March 31, 2019</b>		2,25,30,025	22.53

Particulars	Reserve & Surplus			Item of other Comprehensive Income / (Loss)			Total
	Securities Premium	General Reserve	Surplus / (Deficit) in Statement of Profit and Loss	Re-measurement of defined benefit plans	Re-measurement of gain/(loss) of investment/ advances in foreign subsidiary	Other Items of other comprehensive Income	
<b>Balance as at April 01, 2017</b>	<b>111.24</b>	<b>43.90</b>	<b>(106.55)</b>	<b>0.68</b>	-	<b>(2.80)</b>	<b>46.47</b>
Other comprehensive Income / (loss) for the year, net of tax	-	-	-	(1.13)	-	(1.55)	(2.68)
Profit/ (Loss) for the year	-	-	(37.11)	-	-	-	(37.11)
<b>Balance at March 31, 2018</b>	<b>111.24</b>	<b>43.90</b>	<b>(143.66)</b>	<b>(0.45)</b>	-	<b>(4.35)</b>	<b>6.69</b>
Other comprehensive Income / (loss) for the year, net of tax	-	-	-	0.15	1.39	(0.29)	1.25
Profit/ (Loss) for the year	-	-	1.16	-	-	-	1.16
<b>Balance as at March 31, 2019</b>	<b>111.24</b>	<b>43.90</b>	<b>(142.50)</b>	<b>(0.29)</b>	<b>1.39</b>	<b>(4.64)</b>	<b>9.10</b>

See Accompanying notes forming part of the Financial Statements

In term of our Report attached

**For Bagaria & Co. LLP**  
Chartered Accountants  
FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Jagdish K. Valecha**  
Vice-Chairman and Director  
DIN : 00013070

**Tarun Dutta**  
Chief Executive Officer

**Vinay Somani**  
Partner  
Membership No. 143503

**Ketan H. Gandhi**  
Director  
DIN : 00650579

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Director  
DIN : 00668047

**Lalna B. Takekar**  
Director  
DIN : 08111805

Place : Mumbai.  
Date : 30th July 2019

**Anil S. Korpe**  
Chief Financial Officer

**Vijay Kumar H. Modi**  
Company Secretary & Legal

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

### 1 Corporate Information

Valecha Engineering Limited ("the Company") is a public limited company incorporated and domiciled in India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The address of its registered office is Valecha Chambers, 4th floor, Andheri New Link Road, Andheri (W), Mumbai - 400 053.

The Company is engaged in Construction of high end infrastructural engineering projects such as irrigation dams, roads, bridges, highways, power projects, railways, tunnels, airports, reservoirs, etc. The Company has created some of the most prominent civil engineering infrastructure landmarks.

### 2 Significant accounting policies

#### 2.1 Statement of compliance

The financial statements Complies in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act and other accounting principles generally accepted in India.

#### 2.2 Basis of preparation and presentation

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.2.1 Historical cost convention

The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

##### 2.2.2 Current & Non Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as twelve (12) months for the purpose of current or non-current classification of assets and liabilities.

The Company's financial statements are presented in Indian Rupees (₹), which is its functional currency and all values are rounded to the nearest crore (₹ 0,000,000) in two decimals except when otherwise indicated.

#### 2.3 Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known /materialise.

#### 2.4 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. Cost of work-in-progress comprises, raw materials, direct labour, other direct costs and related production overheads.

#### 2.5 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 2.6 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

#### 2.7 Revenue recognition

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Ind AS 115 Revenue from Contracts with Customer Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when



## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. The Company adopted Ind AS 115 using the modified retrospective method of adoption.

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation.

Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. The Company recognizes revenue and profit/loss on the basis of stage of completion achieved under each contract. The recognition of revenue and profit/loss therefore rely on degree of completion achieved under each contract.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred.

Contracts executed in Joint Ventures / Consortium under work sharing arrangement 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.

There were no significant adjustments required to the retained earnings as at April 01, 2018. The adoption of the standard did not have any material impact on these Standalone Financial statements.

Revenue is disclosed net of Goods and Service Tax (GST) as applicable.

### Other Income

Interest Income is recognised on the basis of effective interest method as set out in IND AS 109 on Financial Instruments and where no significant uncertainty as to measurability or collectability exists.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

### 2.8 Employee Benefit

#### 2.8.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### 2.8.2 Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### 2.8.3 Post-employment obligations

##### (i) Defined benefit provident fund plan

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

##### (ii) Defined benefit Gratuity fund plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan. The defined benefit obligation is calculated annually as provided by LIC. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

The Company does not have scheme of leave encashment.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

### 2.9 Taxation

2.9.1 The Income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in the profit and loss except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

### 2.9.2 Current Tax

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income.

Current tax assets and tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.9.3 Deferred Tax

Deferred Tax charge or credit is recognised 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 assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### 2.9.4 Minimum Alternative Tax ('MAT')

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

### 2.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### 2.10.1 Financial Assets

##### (i) Classification of Financial Assets

The Company classifies its financial assets in the following measurement categories:

- (a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- (b) those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

- (a) For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.
- (b) For investments in debt instruments, this will depend on the business model in which the investment is held.
- (c) For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

##### (ii) Measurement of Financial Assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### 2.10.1.a Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or other expenses (as applicable). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income or other expenses (as applicable) in the period in which it arises. Interest income from these financial assets is included in other income or other expenses, as applicable.

### 2.10.1.b *Equity instruments*

The Company subsequently measures all equity investments at fair value (except investment in subsidiaries and associates which are valued at amortised cost). Where the Company's management has selected to present fair value gains and losses on equity investments in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses, as applicable in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 2.10.1.c *Fair Value Hedge*

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in statement of profit and loss.

#### (iii) *Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

#### (iv) *Derecognition of financial assets*

A financial asset is derecognised only when -

- (a) The Company has transferred the rights to receive cash flows from the financial asset or
- (b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### 2.10.2 *Financial Liabilities*

#### (i) *Measurement*

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss.

#### (ii) *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

2.10.3 (i) Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(ii) Borrowings are classified as current financial liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### 2.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortization, where appropriate.

### 2.12 Property, plant and equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the property, plant and equipment.

Free-hold land is carried at cost. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital Work in Progress ("CWIP") comprises amount paid towards acquisition of property, plant and equipment outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for its intended use and borrowing cost incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any, such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is charged to profit and loss account. If at the balance Sheet date there is any deduction that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

#### Depreciation and amortisation

Depreciation on Fixed Assets is calculated on "Straight Line Method" over the estimated useful life in the manner prescribed in Schedule II of the Companies Act, 2013.w.e.f. 01.04.2014. Depreciation on Revalued Assets, is calculated on their respective book values, at the rates considered applicable by the valuers.

Free hold land is not depreciated. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

### 2.13 Foreign currency transactions

Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are affected. Exchange differences arising on settlement of these transactions are recognized in the Statement of Profit and Loss.

Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are revalued using the exchange rate prevailing at date of the Balance Sheet and resulting exchange difference is recognized in the Statement of Profit and Loss. Non-monetary foreign currency items are carried at cost.

### 2.14 Investment Property

Property that is held for rental or Capital appreciation and which is not occupied by the Company, is classified by Investing property. Investment property is measured at cost including related transaction cost and where applicable borrowing cost. Investment properties are depreciated at the same rate applicable for class of asset under Property, Plant and Equipment. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

### 2.15 Intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the intangible assets.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

An intangible asset shall be recognised if, and only if: (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and (b) the cost of the asset can be measured reliably.

### Amortisation on Intangible asset

Amortisation on intangible Assets is calculated on "Straight Line Method" over the period of useful life of asset as technically evaluated by the management.

## 2.16 Earnings per share

### 2.16.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company; and
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

### 2.16.2 Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.17 Impairment of Assets :

The carrying amounts of all assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An assets is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

## 2.18 Provisions, contingent liabilities and contingent assets

### Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### Contingent liabilities

Contingent Liabilities are not recognized but disclosed in notes forming part of the financial statements.

### Contingent Assets

Contingent Assets are disclosed, where an inflow of economic benefits is probable. Contingent assets are neither recognised nor recorded in financial statements.

## 2.19 Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## 2.20 New standards and interpretations not yet adopted

### Ind AS 116 - Leases

On March 30, 2019, Ministry of Corporate affairs have notified Ind AS 116 – "Leases". Ind As 116 will replace the existing leases standards Ind As 17 – "Leases" and 65 related interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosures of lease for both lessee and lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise the assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets are of low value. Ind AS 116 substantially carried forward the accounting treatment prescribed for lessor. The effective date for adoption of Ind AS 116 is annual period beginning on or after April 01, 2019. The Company is evaluating the impact of the issued Ind AS 116 on its financial statements.

### Ind AS 12 –"Income taxes" - Appendix C – Uncertainty over income tax treatments

On March 30, 2019, Ministry of Corporate affairs have notified Appendix C to Ind As 12, uncertainty over the income tax treatments which is to be applied while performing the determination of taxable profits/(loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, the company needs to determine the probability of the relevant tax authorities accepting the each tax treatments that the companies have used or plan to use in their income tax filings which has to be considered to compute the most likely amount or expected value of the tax treatments, when determining the taxable profits/(loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for adoption of Ind AS 12 is annual period beginning on or after April 01, 2019. The Company is evaluating the impact of the issued appendix C on its financial statements.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

## 3 Property, Plant &amp; Equipments

## Gross Block

	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
Balance as at April 01, 2017	4.03	1.45	101.73	6.71	15.80	129.72
Additions	-	-	0.23	0.02	-	0.25
Disposal / Adjustments	-	-	20.84	0.12	0.42	21.38
Balance as at March 31, 2018	4.03	1.45	81.12	6.61	15.38	108.59
Additions	-	-	0.00	0.03	0.24	0.27
Disposal / Adjustments	3.88	-	40.81	0.00	-	44.69
Balance as at March 31, 2019	0.15	1.45	40.32	6.63	15.62	64.17

## Accumulated Depreciation

	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
Balance as at April 01, 2017	-	0.37	63.83	6.31	12.75	83.26
Depreciation / Amortization	-	0.03	9.07	0.22	0.70	10.02
Disposal / Adjustments	-	-	12.14	0.11	0.31	12.56
Balance as at March 31, 2018	-	0.40	60.77	6.43	13.13	80.73
Depreciation / Amortization	-	0.03	4.30	0.19	0.56	5.08
Disposal / Adjustments	-	-	33.69	0.00	-	33.69
Balance as at March 31, 2019	-	0.42	31.38	6.61	13.69	52.11
Net carrying amount as at March 31, 2019	0.15	1.03	8.93	0.02	1.93	12.06
Net carrying amount as at March 31, 2018	4.03	1.06	20.35	0.18	2.24	27.86

## 3.1 Investment Property

## Gross Block

	Buildings	Total
Balance as at April 01, 2017	8.03	8.03
Additions	-	-
Disposal / Adjustments	1.40	1.40
Balance as at March 31, 2018	6.63	6.63
Additions	-	-
Disposal / Adjustments	-	-
Balance as at March 31, 2019	6.63	6.63

## Accumulated Depreciation

	Building	Total
Balance as at April 01, 2017	1.18	1.18
Depreciations	0.12	0.12
Disposal / Adjustments	0.39	0.39
Balance as at March 31, 2018	0.91	0.91
Depreciations	0.10	0.10
Disposal / Adjustments	-	-
Balance as at March 31, 2019	1.01	1.01
Net carrying amount as at March 31, 2019	5.62	5.62
Net carrying amount as at March 31, 2018	5.72	5.72



Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

Amount recognised in profit or loss for Investment Properties

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
1 Rental Income	1.25	1.94
2 Direct operating expenses from property that did not generate rental income.	0.13	0.21
3 There are no restrictions on the realisability of investment property.		
4 The company is using same life for the same class of asset as applicable for property plant and equipment.		
<b>Fair Value</b>		
1 Investment property - Office Premises, the market value has not been ascertained.		
2 The range of estimates within which fair value is highly likely to lie- Rs 40.06 crores (Rs 53.31 crores for March 31, 2018)		

	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
<b>4 Investments</b>				
<b>Unquoted &amp; Fully Paid Equity Instruments</b>				
<b>i) In Subsidiary Companies - Wholly Owned - At Cost</b>				
Valecha Infrastructure Ltd (Fully paid Equity Share Face Value ₹ 10/- each) (Refer Note below)	50,000	0.05	50,000	0.05
Valecha International (FZE) - (Fully paid Equity Share Face Value Dh 1,50,000 each)	1	0.28	1	0.27
Professional Realtors Pvt. Ltd. (Fully paid Equity Share Face Value ₹10/- each)	10,000	1.80	10,000	1.80
		<b>2.13</b>		<b>2.12</b>
<b>ii) In Subsidiary Companies - Others - At Cost</b>				
Valecha Kachchh Toll Roads Ltd. (Fully paid Equity Share Face Value ₹10/- each) (Refer Note below)	3,98,35,000	39.84	3,98,35,000	39.84
		<b>39.84</b>		<b>39.84</b>
<b>iii) In Associate Company - At Cost</b>				
Aryavrat Tollways Pvt. Ltd. - Voting Shares (Face Value ₹10/- each)	4,900	0.005	4,900	0.005
Aryavrat Tollways Pvt. Ltd. - Non-Voting Shares (Face Value ₹ 10/- each)	44,100	0.04	44,100	0.04
Valecha Reality Ltd (Face Value ₹10/- each)	24,950	0.02	24,950	0.02
Bhubaneshwar Express Ways Pvt Ltd (Face Value ₹10/- each)	-	-	2,68,76,200	26.88
		<b>0.07</b>		<b>26.95</b>
<b>iv) In Others (at FVTOCI)</b>				
The Saraswat Co-op. Bank Ltd. (Face Value ₹10/- each)	2,500	-	2,500	-
The Janakalyan Sahakari Bank Ltd. (Face Value ₹10/- each)	50,000	0.05	50,000	0.05
The Janta Sahakari Bank Ltd (Face Value ₹10/- each)	100	-	-	-
Valecha Chambers Condominium (Face Value ₹ 100/- each)	37	-	37	-
Varun Cements Ltd. (Face Value ₹ 10/- each)	42,800	0.02	42,800	0.02
		<b>0.07</b>		<b>0.07</b>
<b>Total</b>		<b>42.12</b>		<b>68.98</b>
Aggregate amount of unquoted investments		42.12		68.98
Note: The Company had in the Previous year classified the guarantee fees/ commission charged of Rs.28.01 Crores to its two subsidiaries and two step-down subsidiaries for the period upto 31st March, 2018 under "Investments". The Company has however in the Current Year reclassified such amounts under "Loans to subsidiary companies".				



## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

	As at March 31, 2019	As at March 31, 2018
	Amount	Amount
<b>5 Other Non Current Financial Assets</b>		
Unsecured, Considered good unless otherwise stated		
Security Deposits	0.07	0.07
Retention	29.21	21.50
Others	2.89	2.89
<b>Total</b>	<b>32.16</b>	<b>24.45</b>
<b>6 Other Non Current Assets</b>		
Balances with Government Authorities (net)	18.08	27.30
<b>Total</b>	<b>18.08</b>	<b>27.30</b>
<b>7 Inventories</b>		
<b>(As taken, valued &amp; certified by Management)</b>		
Stock of Materials	1.23	15.19
<b>Total</b>	<b>1.23</b>	<b>15.19</b>
<b>8 Trade Receivables</b>		
Unsecured		
Considered Good *	309.21	329.35
Considered Doubtful	-	-
	309.21	329.35
Less: Allowance for Expected Credit Loss	-	-
<b>Total</b>	<b>309.21</b>	<b>329.35</b>
* Retention money which is due has been re-classified as Trade Receivables.		
<b>9 Cash and Cash Equivalents</b>		
Cash on Hand	0.01	0.06
Balances with Banks		
- In Current Accounts (including money-in-transit)	7.07	5.98
<b>Total</b>	<b>7.08</b>	<b>6.04</b>
<b>10 Other Bank Balances</b>		
Earmarked Balances with Banks		
- Unpaid Dividend Accounts	0.09	0.12
- Margin Money Deposits	4.88	6.86
<b>Total</b>	<b>4.97</b>	<b>6.98</b>
<b>11 Loans (Current)</b>		
Unsecured, considered good unless otherwise stated		
Loans to Subsidiary Companies	258.08	278.53
Loans to Related Parties	3.56	12.58
Loans and Advances to Employees	1.27	0.96
Other Loans and advances	156.05	106.63
<b>Total</b>	<b>418.96</b>	<b>398.71</b>
<b>12 Other Current Financial Assets</b>		
Unsecured, considered good unless otherwise stated		
Interest Accrued on Fixed Deposits	2.78	0.85
<b>Total</b>	<b>2.78</b>	<b>0.85</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

	As at March 31, 2019		As at March 31, 2018	
	Amount		Amount	
<b>13 Other Current Assets</b>				
Balance with Government Authorities		34.42		36.00
Others		0.95		1.30
<b>Total</b>		<b>35.38</b>		<b>37.30</b>

	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
<b>14 Share Capital</b>				
<b>Authorised:</b>				
Equity Shares of ₹ 10/- each	3,50,00,000	35.00	3,50,00,000	35.00
<b>Issued, Subscribed &amp; paid up:</b>				
Equity Shares of ₹ 10/- each	2,25,30,025	22.53	2,25,30,025	22.53

**14.1 Reconciliations of the number of equity shares and amount outstanding at beginning and end of the year**

	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Balance at beginning of the year	2,25,30,025	22.53	2,25,30,025	22.53
Add: Equity Shares allotted	-	-	-	-
Balance at the end of the year	2,25,30,025	22.53	2,25,30,025	22.53

**14.2 Right, Preferences and restrictions attached to shares :**

The Company has only one class of Equity Shares having a par value of ₹10/- per share. Each share holder is entitle for one vote per share. In the event of liquidation, the equity share holders are entitle to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their share holding.

**14.3 Details of shares held by each shareholders holding more than 5% shares**

	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	% holding	Number of Shares	% holding
Valecha Investment Pvt. Ltd.	40,03,745	17.77	69,33,249	30.77
Suman Aggarwal	29,28,504	13.00	-	-
Hypnos Fund Limited	20,00,000	8.88	20,00,000	8.88

	As at March 31, 2019		As at March 31, 2018	
	Amount		Amount	
<b>15 Other Equity</b>				
15.1 Securities Premium		111.24		111.24
15.2 General Reserve		43.90		43.90
15.3 Retained Earnings		(142.50)		(143.66)
15.4 OCI - Fair Value of Financial Instruments		(4.64)		(4.35)
15.5 OCI - Re-measurement of defined benefit plans		(0.29)		(0.45)
15.6 Re-measurement of gain/(loss) of investment/advances in foreign subsidiary		1.39		-
<b>Total Other Equity</b>		<b>9.10</b>		<b>6.69</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

**Nature of Reserves****(i) Securities Premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

**(ii) General Reserve**

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to statement of profit and loss.

**(iii) OCI - Fair Value of Financial Instrument**

The company recognised resultant impact of fair valuation on financial assets and liabilities.

**16 Non Current Borrowings**

	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>	-	-
<b>Unsecured</b>		
Related Parties (Refer Note below)	27.08	28.19
<b>Total</b>	<b>27.08</b>	<b>28.19</b>

Note: In view of amendments in terms of repayment, the loan received from related party has been reclassified as Non Current during the current financial year and previous year's figure have been reclassified accordingly.

**16.1 Term of Repayment & Security details of Borrowings**

(₹ In Crores)

	Repayment tenure & Security nature	Last installment Date	Rate of Interest	Amount outstanding As at	
				March 31, 2019	March 31, 2018
1	Repayable in 9 quarterly installments, secured by first & exclusive charge on the project receivables for EPC from Surat Municipal Corporation for the three projects with the exclusive & first charge over Escrow A/c & project specific Current Assets.	Mar-16	11.70%	49.02	49.02
2	Corporate Loan Repayable in 10 Quarterly Instalments, secured by exclusive charge on the specific immovable property along with the subservient charge on movable fixed assets & current assets.	Dec-16	13.10%	15.56	15.56
3	Term Loan Repayable in 6 quarterly installments is secured by first & exclusive charge on the project receivables for EPC from Rapti Nhar Nirman Mandal-II Irrigation Depart, Basti, Uttar Pradesh with the exclusive and first charge over Escrow Account and project specific Current Assets.	Aug-17	12.25%	77.87	77.87
4	Repayable in 18 quarterly installments, secured by first & exclusive charge on the specific immovable property & JSL & VIL Shares	Sep-20	12.15%	8.56	16.70
5	Repayable in 46 monthly installments, secured by first & exclusive charge on the specific vehicles	Nov-18	10.50%	0	0.21
6	Repayable in 60 monthly installments, secured by exclusive charge on the specific Machineries	Sep-20	14.00%	27.12	28.65
7	Repayable in 36 monthly installments, secured by exclusive charge on the specific Machineries	Sep-18	14.00%	3.31	3.72

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

## 16.2 The Company has defaulted in repayment of loans and interest in respect of the following

Particulars	Period of Default	Amount of Default (As at March 31, 2019)		
		Principal	Interest	Total
<b>Term Loan</b>				
Central Bank of India	30 to 1279 Days	35.98	13.04	49.02
Syndicate Bank	30 to 1186 Days	58.16	19.71	77.88
Yes Bank	30 to 668 Days	6.90	1.65	8.56
State Bank of India	30 to 1095 Days	12.08	3.47	15.56
<b>Machinery Loan</b>				
SREI Equipment Finance Ltd	30 to 730 Days	20.16	10.28	30.44
Fixed Deposits from Public	30 to 1673 Days	28.16	2.58	30.74
<b>Total</b>		<b>161.44</b>	<b>50.74</b>	<b>212.18</b>

	As at March 31, 2019	As at March 31, 2018
<b>17 Other Non Current Financial Liabilities</b>		
Advance from Contractees	-	0.55
Advance from Contractees - Related Parties*	36.64	36.64
Non Current Liabilities - Trade	42.67	41.36
Non Current Liabilities - Others	8.98	36.32
	<b>88.29</b>	<b>114.87</b>

\*The Company has received an advance towards a Contract from a related party which was earlier classified under Current Liabilities. The Company has made a claim on the related party for works executed under such contract. The related party is negotiating a counter claim on its Customer and will be able to pay to the Company only out of such proceeds. Since the related party's claims are under negotiations with its Customer, the Company expects the settlement of such advances not earlier than a year and hence has accordingly reclassified such advances under "Non Current Financial Liabilities".

## 18 Current Borrowings

**Secure - From Banks :**

Working Capital Loans - Cash Credit Limits**	248.98	209.56
Short Term Facilities	53.84	56.75

**Unsecured - From Others :**

Other Short Term Loans	17.06	17.06
	<b>319.88</b>	<b>283.38</b>

\*\*Note : Secured by

**Primary Security:** Pari passu charge on stock and outstanding book debts of the company

**Collateral Security:** EM on office premises at 4th Floor and part of 3rd floor of Valecha chambers, New Link Road, Oshiwara, Andheri West.

Paripassu charge on entire plant and machinery of the Company

Personal guarantees of Mr. J K Valecha, Mr. D H Valecha and Mr. U H Valecha

## 18.1 The Company has defaulted in repayment of working capital facilities in respect of the following :

Particulars	Period of Default	Amount of Default (As at March 31, 2019)		
		Principal	Interest	Total
<b>Working Capital Facilities</b>				
State Bank of India	30 to 1097 Days	195.53	44.48	<b>240.01</b>
Axis Bank Ltd	30 to 1106 Days	71.66	13.44	<b>85.10</b>
Canara Bank	30 to 1266 Days	22.39	1.93	<b>24.32</b>
Lakshmi Vilas Bank	30 to 456 Days	30.30	0.00	<b>30.30</b>
<b>Total</b>		<b>319.88</b>	<b>59.85</b>	<b>379.73</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

	As at March 31, 2019	As at March 31, 2018
<b>19 Trade Payables</b>		
Dues to Micro, Small and Medium Enterprises	2.69	2.77
Dues to Creditors other than Micro, Small and Medium Enterprises	99.21	150.40
<b>Total</b>	<b>101.90</b>	<b>153.17</b>
<b>19.1 The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under :</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
a. Principal amount remaining unpaid	2.69	2.77
b. Interest due thereon remaining unpaid	0.73	0.73
c. Interest paid	-	-
d. Payment made beyond the appointed day during the year	-	-
e. Interest due and payable for the period of delay	-	-
f. Interest accrued and remaining unpaid	-	-
g. Amount of further interest remaining due and payable in succeeding years	-	-
	<b>3.42</b>	<b>3.50</b>
<b>19.2</b> The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act, have not been given subject to amount mentioned in above table.		
	As at March 31, 2019	As at March 31, 2018
<b>20 Other Current Financial Liabilities</b>		
Current maturities of Long Term Borrowings (Refer Note 16.1, 16.2)	134.51	143.67
Current Maturities of Fixed Deposits (Refer Note 16.2)	30.74	31.65
Interest Accrued and Due on Borrowings (Refer Note 16.2, 18.1)	117.53	117.70
Unclaimed Dividends	0.09	0.11
Others	0.08	-
<b>Total</b>	<b>282.94</b>	<b>293.13</b>
<b>21 Other Current Liabilities</b>		
Statutory Dues	10.10	17.24
Others	26.55	28.63
<b>Total</b>	<b>36.65</b>	<b>45.87</b>
<b>22 Provisions</b>		
Provision for Employee Benefits		
-Gratuity	1.19	0.77
-Bonus	0.10	0.13
<b>Total</b>	<b>1.29</b>	<b>0.90</b>

**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019**

(₹ In Crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>23 Revenue from Operations</b>		
Income from Contract and Services	184.30	207.80
Total	<b>184.30</b>	<b>207.80</b>
<b>24 Other Income</b>		
Interest Income :		
Interest on Fixed Deposits	2.43	0.57
Interest from Related Parties	-	-
Interest from Others	2.36	2.36
	<b>4.79</b>	<b>2.93</b>
Lease Rental Income	1.25	1.94
Foreign Exchange Fluctuation Gain	-	0.06
Sundry balances written back	9.74	22.93
Excess Provision of earlier years written back	-	10.97
Guarantee Fees	-	13.96
Profit on Sale of Fixed Assets	-	12.32
Miscellaneous Income	1.45	2.58
	<b>17.23</b>	<b>67.69</b>
<b>25 Construction Expenses</b>		
Materials Purchase	14.00	34.16
Sub-Contracting and Transportation Expenses.	130.77	94.62
Power and Fuel	2.04	3.35
Value Added Tax, Service Tax & Labour Cess	0.61	5.18
Repairs, Rent & Maintenances to Plant & Machineries and Vehicles	1.43	4.02
Insurance	0.47	0.78
Site Expenses	10.87	43.71
<b>Total</b>	<b>160.18</b>	<b>185.81</b>
<b>26 Changes in Inventories</b>		
Opening Stock	15.19	40.64
Less: Closing Stock	1.23	15.19
	<b>13.96</b>	<b>25.44</b>
<b>27 Employee Benefits Expenses</b>		
Salaries, Wages, and Bonus	6.24	8.22
Contribution to Provident Fund, Gratuity and other funds	1.13	(0.29)
Welfare Expenses	0.07	0.07
	<b>7.44</b>	<b>8.00</b>
<b>28 Finance Cost</b>		
<b>Interest Expenses</b>		
- Banks	0.04	60.75
- Financial Institutions	-	4.05
- Others	-	-
- Others Parties	0.68	1.24
Interest cost on security deposits	0.16	0.10
Loan Processing Fees	0.40	1.02
	<b>1.28</b>	<b>67.16</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>29 Other Expenses</b>		
Rates and taxes	0.20	0.14
Printing and stationery	0.03	0.03
Telephone and Postage	0.09	0.12
Advertisement	0.01	0.02
Traveling and conveyance	0.32	0.19
Business promotion	0.08	0.23
Electricity charges	0.13	0.12
Professional Fees	1.39	2.03
Repairs and Maintenance - Others	0.19	0.33
Office Maintenance	0.28	0.68
Tender Expenses	0.01	0.04
Bank charges	0.28	0.45
Directors Remuneration	1.10	2.37
Payments to Auditor (Refer note below)	0.13	0.13
General expenses	0.09	0.45
Loss on sale of assets	0.80	-
Impairment of Plant and Equipments	3.58	0.02
Irrecoverable debts written off	3.00	7.05
Irrecoverable advances written off	0.62	-
Donation	0.01	-
<b>Total</b>	<b>12.33</b>	<b>14.39</b>
<b>29.1 Auditors Remunerations</b>		
Audit Fees	0.12	0.10
Certification and Other Services including Service Tax and Goods and Service Tax	0.01	0.03
<b>Total</b>	<b>0.13</b>	<b>0.13</b>

(₹ in Crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>30 Earnings per Share</b>		
Profit attributable to Equity Shareholders (₹ in crores)	1.16	(37.11)
Weighted average Number of shares for Basic EPS (Numbers)	2,25,30,025	2,25,30,025
Weighted average Number of shares for Diluted EPS (Numbers)	2,25,30,025	2,25,30,025
Face Value of each Equity Share (in ₹)	10.00	10.00
Basic & Diluted earning per Share (in ₹)	0.51	(16.47)

**31 Contingent Liabilities**

Contingent Liabilities are not provided for and are as below :

Particulars	2018-19	2017-18
1 Outstanding Letter of Credits / Bank Guarantee	78.46	100.75
2 Dispute with Suppliers	4.61	4.66
3 Corporate Guarantees	936.96	679.65
4 Late payment and over limit charges on credit card dues	5.89	5.89



**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019**

(₹ In Crores)

**32 Segment Reporting**

The company operates in a single reportable segment i.e. Construction Activity, which have similar risks and returns for the purpose of Ind AS 108 on 'Operating segments'.

The company operates in a single geographical segment i.e. domestic.

**33 CSR Expenditure**

Corporate Social Responsibility (CSR) - In view of insufficient profits during the year, expenditure on CSR is not applicable for current financial year. In Previous year, expenditure on CSR was not applicable in view of losses.

**Related Party Disclosures**

Disclosure as required by the Indian Accounting Standard (Ind AS)24 " Related Party Disclosures " are given below :

**34 List of Related Parties with whom transactions have taken place**

<b>Relationship</b>	<b>Name of Related Parties</b>
<b>Subsidiary Companies</b>	Valecha Infrastructure Ltd. Valecha International (FZE) Professional Realtors Pvt. Ltd. Valecha Kachchh Toll Roads Ltd.
<b>Step-Down Subsidiary Companies</b>	Valecha LM Toll Pvt. Ltd. (Up to 29-03-2019) Refer Note 1 below. Valecha Badwani Sendhawa Toll Ways Ltd.
<b>Associate Companies</b>	Valecha Reality Ltd. Bhubaneshwar Express Ways Pvt. Ltd. (Up to 31-12-2018) Aryavrat Tollways Pvt. Ltd.
<b>Enterprises where KMPs have significant influence</b>	Gopaldas Vasudev Construction Pvt. Ltd. Valecha Power Ltd. Valecha Gulf Contracting & Foundations LLC ( Up to 31-07-2018) Juhu Beach real Estate Pvt Ltd (Up to 31-07-2018) Valecha Investment Private Limited
<b>Joint Ventures</b>	Valecha - ECCI (JV) Valecha - SGCCCL (JV) Valecha - Transtonnelstroy (JV) Valecha - VKJ (JV) Valecha - SDPL (JV) Bitcon-VUBEPL-GCC-Valecha (JV) Valecha Shraddha (JV)) Valecha Atcon (JV) Valecha - Matere (JV)
<b>Key Management Personnel (KMP)</b>	
Chairman	Arvind Thakkar
Vice-Chairman-cum Managing Director (Upto 10-03-2019)	Jagdish K. Valecha
Vice-Chairman and Director (w.e.f. 11-03-2019)	
Whole Time Director (Up to 31-07-2018)	Dinesh H. Valecha
Excutive Director (w.e.f. 26-06-2017 to 26-06-2018)	Tarun Dutta
Independent Director	Ketan Gandhi
Non-Executive Director	Sonal Jitiya
Company Secretary & Legal	Vijay Kumar H. Modi
Chief Financial Officer	Anil S. Korpe
<b>Relatives of Key Management Personnel</b>	
	Karan Jagdish Valecha
	Kapil Jagdish Valecha (Up to 31-03-2018)

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

## Note:

- Valecha L M Toll Pvt Ltd, a step-down subsidiary of the Company and the subsidiary company of Valecha Infrastructure Ltd, has been admitted to National Company Law Tribunal (NCLT) on 29-03-2019 and consequently the Interim Resolution Professional (IRP) has been appointed by NCLT, hence the Company does not have any control on this entity. Accordingly no transactions of this entity for current year have been reported.
- Related party relationship is as identified by the Company and relied upon by the Auditor.

**35 Details of Transactions with Related Parties**

(₹ in Crores)

**i. Transactions with Subsidiary Companies**

Particulars	2018-19	2017-18
a. Sales	18.96	4.77
b. Deposit / Loans / Repayment received during the year	0.17	2.28
c. Deposit / Loans given / Repaid during the year	1.42	29.32
d. Outstanding Balance - Trade Receivable	7.77	1.95
e. Outstanding Balance - Loan given	230.06	250.51
f. Outstanding Balance - Amount Payable	36.64	36.64

**ii. Transactions with Associate Companies / Enterprises over which KMPs having significant influence**

Particulars	2018-19	2017-18
a. Deposit / Loans / Repayment received during the year	4.02	0.13
b. Deposit / Loans given / Repaid during the year	1.11	1.26
c. Interest Received	-	-
d. Interest Paid	-	-
e. Outstanding Balance - Amount Payable	27.08	28.19
f. Outstanding Balance - Amount Receivable	3.56	12.58
g. Sale of Investment	26.88	-

**iii. Transactions with Joint Ventures**

Particulars	2018-19	2017-18
a. Sales	34.63	12.60
b. Advance received during the year	-	-
c. Advance repaid during the year	-	-
d. Outstanding Balance - Amount Receivables	45.95	45.64
e. Outstanding Balance - Amount Payables	-	-

**iv. Transactions with Key Management Personnel (KMP)**

Particulars	2018-19	2017-18
Remuneration paid during the year	1.43	2.68
Sitting Fees	0.02	0.02

**v. Transactions with relatives of Key Management Personnel (KMP)**

Particulars	2018-19	2017-18
Remuneration paid during the year	0.25	0.45

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

Disclosure required by schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186(4) of the Companies Act, 2013

**A. Loans Given**

i.	Loans Given to Subsidiary Companies	2018-19		2017-18	
		As at year end	Maximum balance during year	As at year end	Maximum balance during year
	Valecha Infrastructure Ltd.	149.50	149.50	149.50	149.50
	Valecha International (FZE)	21.64	20.27	20.27	20.27
	Professional Realtors Pvt. Ltd.	0.23	0.23	0.23	0.23
	Valecha Kachchh Toll Roads Ltd.	55.47	58.45	53.89	53.89
	Valecha LM Toll Pvt. Ltd.	-	-	23.36	23.36
	Valecha Badwani Sendhawa Toll Ways Ltd.	3.22	3.22	3.28	3.28
	<b>Total</b>	<b>230.06</b>	<b>231.67</b>	<b>250.51</b>	<b>250.52</b>
ii.	Loans Given to Associate Companies / Enterprises over which KMPs having significant influence	2018-19		2017-18	
		As at year end	Maximum balance during year	As at year end	Maximum balance during year
	Valecha Investment Pvt. Ltd.	3.28	7.28	7.28	7.28
	Valecha Gulf Contracting & Foundation L.L.C.	-	-	0.94	0.94
	Valecha Power Ltd.	0.00	0.02	0.02	0.02
	Valecha Reality Ltd.	0.28	0.28	0.28	0.28
	Juhu Beach real Estate Pvt Ltd	-	-	4.08	4.08
	<b>Total</b>	<b>3.56</b>	<b>7.57</b>	<b>12.58</b>	<b>12.58</b>

All above loans have been given for business purpose

B. Investments are shown under respective head. ( Refer Note no.4)

C. Corporate Guarantees given

Name of the Company	2018-19	2017-18
Valecha LM Toll Pvt. Ltd.	230.58	183.85
Valecha Badwani Sendhawa Toll Ways Ltd.	49.58	53.29
Valecha Kachchh Toll Roads Ltd.	581.21	375.32
Valecha Infrastructure Ltd.	75.59	67.19
<b>Total</b>	<b>936.96</b>	<b>679.65</b>

**36 Employee Benefits**

As per IND AS 19 "Employee Benefits", the disclosures of Employee benefits as defined in the said Accounting Standards are given below :

**A. Defined Contribution Plan**

Contribution to Defined Contribution Plan includes Provident Fund. The expenses recognised for the year are as under :

Particulars	2018-19	2017-18
Employer's Contribution to Provident Fund	0.13	0.34
Employer's Contribution to Employee's state Insurance	0.01	0.01
Employer's Contribution to Pension Fund	0.10	0.13

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

**B. Defined Benefit Plan****Gratuity:**

In accordance with the payment of Gratuity Act 1972 the company provides for gratuity covering eligible employees. The liability on account of gratuity is covered partially through a recognized Gratuity Fund managed by Life Insurance Corporation of India (LIC) and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end.

Major category of plan assets

The Company has taken plans from Life Insurance Corporation of India

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Financial Statements as at 31 March 2019 and 31 March 2018.

	Particulars	2018-19	2017-18
<b>i</b>	<b>Changes in present value of obligations</b>		
	Present value of obligations as at the beginning of year	1.61	0.58
	Interest cost	0.13	0.05
	Current Service Cost	0.06	0.07
	Past Service Cost	-	0.12
	Benefits Paid	(0.33)	(0.33)
	Actuarial gain on obligations	(0.15)	1.12
	Present value of obligations as at the end of year	1.32	1.61

	Particulars	2018-19	2017-18
<b>ii</b>	<b>Changes in the fair value of plan assets</b>		
	Fair value of plan assets at the beginning of year	0.34	0.51
	Expected return on plan assets	0.03	0.04
	Contributions	0.08	0.12
	Benefits paid	(0.33)	(0.33)
	Actuarial gain on Plan assets	0.00	(0.00)
	Fair value of plan assets at the end of year	0.13	0.34

<b>iii</b>	<b>Change in the present value of the defined benefit obligation and fair value of plan assets</b>		
	Present value of obligations as at the end of the year	(1.32)	(1.61)
	Fair value of plan assets as at the end of the year	0.13	0.34
	Net (liability) / asset recognized in balance sheet	(1.19)	(1.27)

**Amount recognised in the statement of profit and loss under employee benefit expenses.**

	Particulars	2018-19	2017-18
	<b>Expenses Recognised in statement of Profit &amp; Loss</b>		
	Current Service cost	0.06	0.07
	Interest Cost	0.10	0.01
	Expected return on plan assets	-	0.12
	Net Actuarial gain recognised in the year	-	-
	Expenses recognised in statement of Profit & Loss Account	0.16	0.20

**Amount recognised in the statement of other comprehensive income (OCI).**

	Particulars	2018-19	2017-18
	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial (gain)/losses on obligation for the year	(0.15)	1.12
	Return on Plan Asset, excluding Interest Income	(0.00)	0.00
	Change in Asset ceiling	-	-
	Net (Income)/Expense for the period recognized in OCI	(0.15)	1.13

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

**Principal actuarial assumptions at the Balance Sheet date**

Particulars	2018-19	2017-18
Expected Return on Plan Assets	7.76%	7.78%
Rate of discounting	7.76%	7.78%
Rate of Salary Increase	6.00%	6.00%
Rate of employee turnover	3.00%	3.00%
Mortality Rate during employment	Indian Assure Lives Mortality (2006-08)	Indian Assure Lives Mortality (2006-08)
Mortality Rate after employment	N.A.	N.A.

**37 Deferred taxes not recognised**

In absence of reasonable certainty, the Company has not recognised Deferred Tax Assets to the extent mentioned below in the table.

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Assets / (Liabilities) in relation to :		
Carried Forward Losses	25.94	36.86
Property, plant and equipment/Investment Property	0.11	(1.04)
<b>Total</b>	<b>26.05</b>	<b>35.82</b>

**38 Capital management****Risk Management**

The objectives when managing capital are to safeguard the ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The management sets the amounts of capital required in proportion to risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and risk characteristics of the underlying assets.

The Company monitors capital using a gearing ratio being a ratio of net debt as a percentage of total capital.

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowing	629.74	604.59
Total equity	31.63	29.22
Total Capital (Borrowing and Equity)	<b>661.37</b>	<b>633.81</b>
Gearing Ratio	19.91%	20.69%

(i) Borrowings represents total borrowings (non-current & current).

(ii) Equity comprises of all components including other comprehensive income.

**39 Financial Risk Management**

A wide range of risks may affect the Company's business and financial results. Amongst other risks that could have significant influence on the Company are market risk, credit risk and liquidity risk.

The Board of Directors of the Company manage and review the affairs of the Company by setting up short term and long-term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.

**39.1 Market risk**

The Company is primarily exposed to the following market risks.

**39.1.1 Interest rate risk management**

Out of total borrowings, large portion represents current borrowings and all the borrowings are with fixed interest rate. And accordingly the Company is not exposed to interest rate risk. However, the Company continuously monitoring over all factors influence rating and also factors which influential the determination of the interest rates by the banks to minimize the interest rate risks.

**39.1.2 Price Risk**

The company is constantly exposed to market inflation risk. The price of direct cost and overhead projected before execution of project are sustainably increased till the completion of project. However company is eligible to claim price escalation amount from the client as per the terms and condition mentioned in tender document which varies for tender to tender.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

**39.2 Credit management**

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from clients and cash. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The Company has a low credit risk in respect of its trade receivables, its major customers being autonomous agencies of Government and Public Sector Undertakings. However, as Company grows its customer base, it will experience an increased credit risk environment. The Company is also exposed to credit risk in respect of its cash and seeks to minimise this risk by holding funds on deposit with major financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 775.17 crores (₹ 766.37 crores for March 31, 2018) being the total of the carrying amount of the balances with banks, bank deposits, investments (excluding equity investments), trade receivables, loans given and other financial assets.

**39.3 Liquidity risk management**

Liquidity risk refers to the risk that the Company may not be able to meet its financial obligations timely.

Management monitors rolling forecasts of the Company's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

The table below analyses the maturity profile of the Company's financial liabilities. The following break up is based on the remaining period at the balance sheet date to the contractual maturity date. The liquidity continues to remain under stress. The Company is going through a very tight liquidity situation resulting in sub-optimal level of operations thereby impacting profitability. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	2018-19			2017-18		
	Less than 1 year	Between 1 and 5 years	Total	Less than 1 year	Between 1 and 5 years	Total
a. Borrowings	602.66	27.08	629.74	576.40	28.19	604.59
b. Trade Payables	101.90	-	101.90	153.17	-	153.17
c. Other Financial Liabilities	0.17	88.29	88.46	0.11	114.87	114.98
<b>Total</b>	<b>704.73</b>	<b>115.37</b>	<b>820.10</b>	<b>729.68</b>	<b>143.06</b>	<b>872.74</b>

**39.4 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"****39.4.1 Category-wise classification for applicable financial assets:**

Particulars	Note	As at	As at
		31-Mar-19	31-Mar-18
<b>Measured at fair value through Other Comprehensive Income (FVTOCI) (Level 3)</b>			
Investment in equity shares	4	0.07	0.07
<b>Measured at amortised cost: (All Level 3)</b>			
Security Deposits - Non Current	5	32.16	24.45
Security Deposits - Current	8	75.46	85.48
Loans	11	418.96	398.71
Trade receivables	8	233.75	243.87
<b>Total</b>		<b>760.40</b>	<b>752.58</b>

**39.4.2 Category-wise classification for applicable financial liabilities:**

Particulars	Note	As at	As at
		31-Mar-19	31-Mar-18
<b>Measured at amortised cost: (All Level 3)</b>			
Borrowings - Non current	16	27.08	28.19
Borrowings - Current (Short Term)	18	319.88	283.38
Borrowings - Current maturities of long term borrowings & fixed deposits	20	282.78	293.02
Trade payables	19	65.02	116.76
Retention money from Sub-contractors	19	36.88	36.41
<b>Measured at fair value through Other Comprehensive Income (FVTOCI)</b>		-	-
<b>Total</b>		<b>731.64</b>	<b>757.76</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019

(₹ In Crores)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
  - Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liability, either directly or indirectly; and
  - Level 3 inputs are unobservable inputs for the asset or liability.
- 40** The Company has issued financial guarantee to various Financial Institutions on behalf of two subsidiaries and two step down subsidiaries as per terms of sanction for the borrowing facilities issued by Financial Institutions. The Company has charged commission for providing corporate guarantee to the subsidiaries and same is recognised during the last two financial year but considering the weak financial position of the subsidiaries and one step down subsidiary, the Company has decided not to charge further commission against the Corporate Guarantee. Further in view of the primary security already provided by the Subsidiaries and step down subsidiary companies and the Settlement proposals being pursued by the Management, the Company has not provided for any further liability towards Corporate Guarantee, Impairment of Loans & Advances and Investment in Subsidiaries. The financial statement of one of its associate company is not available as its accounts are not finalised. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statements of the Company.
- 41** The Company's borrowing facilities with various banks/financial institutions and NBFC's have continued to remain under NPA classification. During the current financial year the Company has not provided for regular interest on its various such borrowings as it expects relief of atleast an equivalent amount in view of the ongoing settlement proposals with the lenders being pursued by the Management. Accordingly, the Company has also not provided for any penal interest, if any, which may arise for default in repayment of borrowings. The treatment of the above adjustment in the financial results however does not affect the lenders right to recover such regular and penal interest and consequently the Company's liability to pay such interests.
- Further, due to the non-availability of surplus profit and cash flow for last couple of years, the company has also not provided for interest amounting to ₹ 3.57 crores on late payment of Tax deducted at Source.
- 42** The Company has entered into tripartite agreement's to assign one of its loan to the Borrower Company amounting to ₹ 23.29 crores to its various creditors. Accordingly, the Company has offset the amounts payable to such creditors with its Loan receivable.
- 43** The Company has during the year transferred its title in Investment in Equity Shares of Bhubaneswar Express Ways Private Limited ("BEWPL") to KSS Petron Private Limited (earlier known as "Kazstroy Services Infrastructure (India) Private Limited") ("KSSPPL") in accordance with the terms of Option Agreement entered into between the Company and KSSPPL. In terms of such MOU, KSSPPL had granted a loan of ₹ 26.88 crores and the Company was to invest such amount in Equity shares of BEWPL. KSSPPL retained the right to call notice for such investments made by the Company in equity shares of BEWPL against the loan granted by KSSPPL to the Company. The Company had granted an irrevocable right to KSSPPL to purchase such investments from the Company upon the completion of two years from the Commercial Operation Date of the Project or upon the termination of the Concession Agreement, whichever is earlier by exercising its right to call notice. KSSPPL has during the year exercised its right to such call notice for purchase of investments. The Company has accordingly transferred title to such investments to KSSPPL and has offset the Loan account of KSSPPL with the Cost of Investments in BEWPL. Considering the reciprocal arrangement of loan and investment of like amount, the management has taken a judicial decision to square off the transaction with all intent and purpose in terms of option agreement executed between the parties.
- 44** Due to non-availability of surplus profit and cash flow for last few years, the Company has not repaid deposits (including unpaid interest provided upto March 2017 of ₹ 2.58 crores) amounting to ₹ 30.74 crores as at March 31, 2019 as per the contractual terms and repayment schedule / order passed by the Company Law Board - New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO.05(MB) 2016). The Company has not provided for regular interest on such deposits for the F.Y. 2017-18 and F.Y.2018-19 as per the terms of issuance and acceptance of deposits. The Company has also not provided for penal interest and fine as applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014.

NCLT Mumbai, vide order dated 03.04.2019 and 11.06.2019 has directed and advised the Company to release the fund to concerned Fixed Deposit Holders on receipt of fund from Canara Bank (towards the Income Tax refund already received by Canara bank but freezed the amounts towards its loan outstandings). The Company is also directed and advised to utilize further income tax refunds towards payment to deposit holders.

Accordingly, the matter stands subjudged pending the receipt of the fund from Canara Bank and on receipt of further refunds from Income Tax Department. NCLT Mumbai, vide order dated 03.04.2019 and 11.06.2019 has directed and advised the Company to release the fund to concerned Fixed Deposit Holders on receipt of fund from Canara Bank and on receipt of the refund from Income Tax Department.



**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2019**

(₹ In Crores)

- 45** The Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes ₹ 160.30 crores pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities. The Company has booked their claims on conservative basis and management is confident of receipt of claims atleast equivalent to the amount recognised in the books of accounts. Hence, the Board has decided not to account for any expected credit losses towards Trade Receivables.
- The Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates of the Company) amounting to ₹ 3.56 crores and to others amounting to ₹ 157.32 crores as at March 31, 2019 as it expects to recover the same in the time to come and hence has not made any provision for the same.
- 46** The Company has seventeen project sites which have either been de-mobilized or completed or otherwise shut / non-operational. The Company could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the year. Movement in accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office division. Such Project sites comprises total assets of ₹ 112.29 crores and total liabilities of ₹73.54 crores as at the year end. However, Management do not foresee any material impacts on the financial statements.
- 47** The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments. During the year company had already sent the account balance confirmation letters/Mails to their Banks, Loans & Advances given and Trade Receivables which are pending to be received. However, the Company do not foresee any material impacts on the financial statement of the company except as otherwise stated.
- 48** There are various Legal cases filed by/ against the company. Since the cases are ongoing and based on the discussion with respective managements, the Company do not foresee any material impacts on the financial statement of the Company.
- 49** The Company had paid / provided managerial remuneration of ₹ 1.10 Crores and Rs 1.98 Crores in current year and previous year, respectively. On 29/9/2018, the shareholders accorded their approval for the waiver of recovery of managerial remuneration in respect of three Directors. The Company is taking necessary actions and steps for approval from Secured Lenders pursuant to the Notification dated 12/09/2018 issued by Ministry of Corporate Affairs on the subject. The Company is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration in terms of the special resolution passed by the members in their Annual General Meeting.
- 50** Other Current Assets as at March 31, 2019 includes Rs 34.42 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of such amounts.
- 51** Valecha LM Toll Private Limited (VLMTP), a step down subsidiary of the Company and subsidiary of Valecha Infrastructure Limited (VIL) has been admitted to National Company Law Tribunal (NCLT) on 29.03.2019 in view of the insolvency petition filed by Axis Bank Limited under section 7 of the Insolvency and Bankruptcy Code, 2016 and consequently Interim Resolution Professional ('IRP') was appointed by the NCLT.
- VIL has not impaired its Non-Current Investments of ₹ 37.31 Crores in the equity shares of VLMTP and has consolidated the unaudited accounts of VLMTP on the basis of management certified accounts basis in view of the events explained above. Accordingly, any resultant impact which may arise as a result of such impairment and consequential impact on the impairment of Company's investment in VIL as a result of the events explained above has not been computed. The Company has also provided Corporate guarantees amounting to ₹ 230.58 crores to the lenders of VMTPL.
- 52** The accumulated losses incurred in the past years have resulted in erosion of Company's peak Net worth. However, the management is of the opinion that subject to approval of OTS / Restructuring plan by banks, cost reduction measures and participating in new business finance/ JV business, the Company will be able to earn profit over next few years and may be in position to repay restructured loans and pay statutory dues. Hence, the financial statements are prepared assuming that it will continue as going concern.
- 53** The previous period's figures have been re-grouped/ re-classified wherever required to conform to current period's classification. All figures of financials has been rounded off to nearest Crores rupees.

In term of our Report attached

**For Bagaria & Co. LLP**

Chartered Accountants

FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Jagdish K. Valecha**  
Vice-Chairman and Director  
DIN : 00013070

**Tarun Dutta**  
Chief Executive Officer

**Vinay Somani**  
Partner  
Membership No. 143503

**Ketan H. Gandhi**  
Director  
DIN : 00650579

**Sonal V. Jitiya**  
Director  
DIN : 00668047

**Lalna B. Takekar**  
Director  
DIN : 08111805

Place : Mumbai.  
Date : 30th July 2019

**Anil S. Korpe**  
Chief Financial Officer

**Vijay Kumar H. Modi**  
Company Secretary & Legal

**FORM AOC-1**

Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013 read with rule 5 of Companies (Accounts) Rules, 2014  
Statement containing salient features of the financial statement of subsidiaries  
(As on / for the period / year ended March 31, 2019)

( Rupees in Crores)

Sr. No.	Particulars	Valecha Infrastructure Ltd	Valecha LM Toll Pvt Ltd.	Valecha Badwani Sendhwa Tollways Ltd	Valecha Kachchh Toll Road Ltd	Valecha International FZE	Professional Realtors Pvt Ltd.
1	Reporting Currency	INR	INR	INR	INR	INR	INR
2	Share Capital	0.05	10.00	5.00	68.50	0.27	0.01
3	Reserves	(126.41)	(76.41)	(6.90)	(376.69)	-	(0.08)
4	Total assets	99.07	188.66	57.19	389.43	22.26	0.17
5	Total Liabilities	225.43	255.07	59.10	697.62	21.98	0.24
6	Investment except in the case of investment in subsidiary	-	-	-	-	-	-
7	Revenue from Operations	-	22.40	12.82	9.17	-	-
8	Other Income	0.04	0.08	0.11	0.25	-	-
9	Profit/(Loss) before Taxation	(8.42)	(22.55)	(3.13)	(98.35)	-	(0.00)
10	Provision for tax - (Current Tax)	-	-	-	-	-	-
11	Provision for tax - (Deferred Tax)	-	-	-	-	-	-
12	Profit/(Loss) after Tax	(8.42)	(22.55)	(3.13)	(98.35)	-	(0.00)
13	% of Share holding	100%	74%	74%	58%	100%	100%

**Notes**

- 1 Please refer to consolidated financial statements and notes appearing there on.
- 2 Investment in Valecha international FZE 1,50,000 AED. 1 AED= INR.18.8699 as on 31.03.2019
- 3 The members if they desire, may write to the company at the Registered Office situated at Valeccha Chambers, 4th floor, Andheri New Link Road, Andheri (W), Mumbai-53 to obtain a copy of the financials of its subsidiary companies.
- 4 The annual accounts of the subsidiary companies can be inspect by the member at the Registered Office of the company.

## Independent Auditor's Report

To The Members of Valecha Engineering Limited

### Opinion

#### Report on the Audit of Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Valecha Engineering Limited** , its six Subsidiaries (including two step down subsidiaries), one associate (the Holding Company, its subsidiaries and its associate together referred to as "The Group") which comprises of Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year than ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at 31st March 2019, its consolidated loss (including consolidated other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

#### Basis for qualified opinion

- a) We draw attention to Note No. 51 to the Statement, Valecha LM Toll Private Limited (VLMTPL), a step down subsidiary of the Holding Company and subsidiary of Valecha Infrastructure Limited (VIL) has been admitted to National Company Law Tribunal (NCLT) on 29.03.2019 in view of the insolvency petition filed by Axis Bank Limited under section 7 of the Insolvency and Bankruptcy Code, 2016 and consequently Interim Resolution Professional ("IRP") was appointed by the NCLT.

In view of the pendency / ongoing IRP proceedings with the NCLT Mumbai, any resultant impact on the loss of the group or the carrying value of assets and liabilities which may arise, if any, is presently not ascertainable.

Further, the Holding Company has also invested Rs. 0.05 crores in one of its Associate Company, financial statements of which are not made available by the Management, in the absence of detailed information and financial statements, we are unable to comment upon the need for impairment provisions, which may be required and the resultant impact on the loss for the year, if any.

- b) We draw attention to Note No. 45 to the Statement, where the Holding Company has not provided for any regular interest for the current year of Rs. 80.37 crores as it expects certain relief in view of the proposed settlement proposals being pursued by the Management. The Holding Company has also not provided any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons.

The Holding Company has also not provided for interest amounting to Rs. 3.57 crores on late payment of Tax deducted at Source.

In absence of detailed computation of penal interest, we are unable to comment on its resultant impact on the loss for the year.

- c) We draw attention to Note No. 48 to the Statement where the Holding Company has during the year transferred its title in Investment in Equity Shares of Bhubaneshwar Express Ways Private Limited ("BEWPL") to KSS Petron Private Limited (earlier known as "Kazstroy Services Infrastructure (India) Private Limited") ("KSSPPL") in accordance with the terms of Option Agreement entered into between the Holding Company and KSSPPL and has accordingly offset the Loan account of KSSPPL with the Cost of Investments in BEWPL. We have only been provided with the email correspondence between the Holding Company and KSSPPL whereby KSSPPL has exercised its call notice, however we have not been provided with the Options Agreement to verify whether the Holding Company had the right under the above arrangement to transfer such Investments at its Cost to the Holding Company and offset such Investment balances with the Loan payable outstanding of KSSPPL. Accordingly, we are unable to comment upon the resultant impact, if any on the assets and liabilities as at March 31, 2019.

- d) We draw attention to Note No. 46 to the Statement, the Holding Company has not repaid deposits (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.74 crores as at March 31, 2019 as per the contractual terms and repayment schedule / order passed by the Company Law Board - New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO.05(MB) 2016). The Holding Company has also not provided for regular interest on such deposits for the F.Y. 2017-18 and F.Y.2018-

19 as per the terms of issue and acceptance of deposits. Further, the Holding Company has also not provided penal interest and fine as may be applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014. Non provision of such interest is not in compliance with Ind AS 23 "Borrowing Cost". In absence of detailed information and computation of such regular interest, penal interest and fine, if any, we are unable to comment upon its resultant impact on the loss for the year.

- e) We draw attention to Note No. 47 to the Statement, the Holding Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes Rs. 160.30 crores pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities.

The Holding Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates) amounting to Rs. 3.56 crores and to others amounting to Rs. 157.32 crores as at March 31, 2019. In absence of detailed information, third party confirmation/reconciliation, we are unable to comment upon its recoverability and corresponding impact of impairment on the loss for the year.

- f) We draw attention to Note No. 49 to the Statement, where the Holding Company in relation to its seventeen project sites, which have either been de-mobilized or completed or otherwise shut or non-operational, could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the year. Movement in accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office division. Such Project Sites comprises total assets of Rs. 112.29 crores and total liabilities of Rs. 73.54 crores as at the year end. In view of unavailability of information, we are unable to comment upon the resultant impact, if any on loss for the year ended, assets and liabilities as at the year end of the Holding Company, had the said units been reviewed by us.
- g) The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities of the Holding Company are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the loss for the year ended, accumulated losses, assets and liabilities as at the year end, the amounts whereof are presently not ascertainable.
- h) There are various Legal Cases filed by / against the Holding Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the loss for the year ended, accumulated loss, liabilities as at the year end, the amounts whereof are presently not ascertainable.
- i) We draw attention to Note No 53 to the Statement in respect of Valecha Reality Limited (VRL), (an Associate Company) wherein the other auditors had stated in their audit report that Company(VRL) has given a loan amounting to Rs 6.51 crores to M/s SVK Arcade LLP which is receivable in the Books of Accounts. No money has been received by the Company so far and hence provision needs to be done for the amounts receivable. Further, the Company(VRL) has received loans from Valecha Engineering Limited and Valecha Infrastructure Limited to the tune of Rs 0.28 crores -and Rs 6.52 crores respectively. The Company(VRL) has not paid any interest on the same nor has it made any provisioning of the interest payable.
- j) We draw attention to Note no 54 to the Statement in respect of Valecha Kachchh Toll Roads Limited (VKTRL) (a Subsidiary Company) wherein the other auditors had stated in their audit report that
- the Company(VKTRL) continues to prepare its Financial Statements on going concern basis even though it has continued to incur significant losses during the current year and previous year and had continued defaulted in repayment of its financial obligation including interest and the construction is going at very slow pace for balance, which has resulted into increase in cost of project mainly due to interest during construction period. However, as advised, the project had been halted due to non-availability of land and environment issues and on 13.05.2015 the Company(VKTRL) has received PCOD (provisional commercial operation date) of for section 1 for which revenue is being generated. PCOD for Section 2 is likely to be completed by December, 2019. The Company(VKTRL) has also put a claim of Rs. 866.25 Crores on GSRDC during the year and is hopeful for getting the same.
  - The Lenders of the Company(VKTRL) has appointed a forensic auditor to verify the matters with regard to the Company(VKTRL). However, it was explained that the scope of audit and report including draft report has not been shared with the Company(VKTRL)

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on our audit and on the consideration of report of the other auditor on separate financial statements of subsidiary companies and on other financial information of the subsidiaries referred to in point a in 'Other Matters' paragraph below and based on the consideration of unaudited financial statements furnished by the management for subsidiary as explained in point b in 'Other Matters' paragraph below, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the Consolidated financial position of the Group as at March 31, 2019, and its Consolidated Financial Performance including Other Comprehensive Income, its Consolidated Cash Flow and Consolidated Statement of Changes in Equity for the year ended on that date.

**Material Uncertainty Related to Going Concern:**

We draw attention to Note No. 45 & Note No. 56 to the Statement which indicates that the Holding Company has accumulated losses and its net worth has been substantially eroded and there has been defaults in repayment of various borrowings and deposits. These conditions, along with other matters set forth in Note No 45 & Note No. 56 and point (k) above, indicate the existence of a material uncertainty that may cast significant doubt about the Holding Company and the Group's ability to continue as a going concern. However, the consolidated financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said Note.

**Emphasis of matters:**

- a) We draw attention to Note No. 52 to the Statement, where the Holding Company has stated that Other Current Assets as at March 31, 2019 includes Rs 34.42 crores receivable from various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recovery.
- b) We draw attention to Note no. 50 to the Statement where the Holding Company has paid / provided managerial remuneration of Rs. 1.10 Crores and Rs 1.98 Crores in current year and previous year, respectively. On 29/9/2018, the shareholders accorded their approval for the waiver of recovery of managerial remuneration in respect of three Directors. The Holding Company is taking necessary actions and steps for approval from Secured Lenders pursuant to the Notification dated 12/09/2018 issued by Ministry of Corporate Affairs on the subject. As informed by the Management of the Holding Company, the Holding Company is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration in terms of the special resolution passed by the members in their Annual General Meeting.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S No	Key Audit Matters	Auditor's response
1	<b>Adoption of Ind AS 115 – Revenue from Construction Contracts</b>	
	<p>There are significant accounting judgment including estimation of costs to complete, determining the stage of completion and the timing of revenue recognition.</p> <p>The Holding Company recognizes revenue and profit/loss on the basis of stage of completion based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of revenue and profit/loss therefore rely on estimates in relation to total estimated costs of each contract.</p> <p>Refer to Note Number 2.7 Summary of significant accounting policies – "Revenue Recognition" of the Standalone Financial Statements</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the Holding Company's revenue recognition accounting policies in line with Ind AS 115 and testing thereof.</li> <li>• Testing of the design and implementation of controls involved for the determination of the estimates used as well as their operating effectiveness;</li> <li>• Testing the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard;</li> <li>• Testing a sample of contracts for appropriate identification of performance obligations;</li> <li>• For the sample selected, reviewing for change orders and the impact on the estimated costs to complete;</li> <li>• Discussion with the qualified &amp; experienced project personnel regarding estimates of costs to complete for sample contracts, determination of milestones, various inherent contingencies in the contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul>
2	<b>Evaluation of Uncertain Indirect Tax positions</b>	
	<p>The Holding Company has material indirect tax matters pending for assessments which involves significant judgment to determine the possible outcome of these assessments.</p> <p>Refer to Note Number 52 of the Standalone Financial Statements.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained details of key uncertain indirect tax matters;</li> <li>• Discussed with appropriate senior management and evaluated the Management's underlying key assumptions in estimating the tax provisions;</li> <li>• Assessed management's estimate of the possible outcome of the assessment proceedings in evaluating management's position on these uncertain tax positions.</li> </ul>

### **Information Other than the Consolidated Financial Statements and Auditor's report thereon**

The Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board report, Corporate Governance report and Shareholder's information, but does not include the consolidated financial statement and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are also responsible for overseeing the reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the consolidated financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter:

a) We did not audit the financial statements of four subsidiaries (including one step down subsidiaries) included in the consolidated Ind AS financial statements which reflect total assets of Rs. 545.86 crores as at March 31, 2019 and total revenue of Rs. 22.38 crores for the year ended March 31, 2019, total comprehensive income (comprising of profit and other comprehensive income) of Rs. (109.91) crores for the year ended March 31, 2019. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the annual Ind AS consolidated financial statements, in so far as relates to the amount and disclosures included in respect of these subsidiaries is based solely on the report of other auditors.

b) We have relied on the unaudited financial statements furnished by the management with respect to two subsidiaries (including one step down subsidiary referred in point (a) to section "Basis for qualified opinion" referred above) included in the consolidated Ind AS financial statements, which reflect total assets of Rs 210.92 crores as at March 31, 2019, total revenue of Rs 22.49 crores for the year ended March 31, 2019 and total comprehensive income (comprising of profit and other comprehensive income) of Rs. (22.55) crores for the year ended March 31, 2019 respectively. The unaudited financial statements and other financial information as approved by the respective Board of Directors of these companies have been furnished to us by the management and our opinion on the annual Ind AS consolidated financial statements, in so far as relates to the amount and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements.

We are unable to comment upon the resultant impact, if any on the consolidated net loss and other financial information of the Ind AS consolidated financial statements as at and for the year ended March 31, 2019.

c) Opening balances have been considered based on the audited financial statements issued by the predecessor auditor whose qualified audit report dated 19<sup>th</sup> July, 2018 have been furnished to us.

d) Our opinion on the annual Ind AS consolidated financial statements report is not modified in respect of the above matters.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other Auditors on separate financial statements of the subsidiaries as noted in the note no. 'a' of "Other Matters" paragraph above and unaudited financial statements referred to in 'b' of "Other Matters" paragraph above, we report, to the extent applicable that:

(a) We have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind As Financial Statements have been kept by the Holding Company and its subsidiaries included in the Group, so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors and information certified by the management, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above;

(c) The Consolidated Balance sheet, the Consolidated Statement of Profit & Loss (including consolidated other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) Except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards prescribed under Section 133 of Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2019 taken on record by the Board of Directors of the Parent Company and the Company incorporated in India, one of the directors of the Group companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.



(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its subsidiaries and the operating effectiveness of such controls, refer to our separate Report in Annexure "A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Sec 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiaries and financial statements certified by the Management in case of one subsidiary as noted in 'Other Matters':

- i. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 34 to the Consolidated Ind AS Financial Statements.
- ii. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, provisions have been made in the Consolidated Ind AS Financial Statement, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts.
- iii. There has been delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

**For Bagaria & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No:**  
**113447W/W-100019**

**Vinay Somani**  
**Partner**  
**Membership No: 143503**  
**UDIN : 19143503AAAAFO7904**

**Place : Mumbai**  
**Date : 30<sup>th</sup> July, 2019**

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF VALECHA ENGINEERING LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** In conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Valecha Engineering Limited ("the Parent Company") and a jointly controlled entity.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent Company and a joint venture incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Parent Company and a joint venture incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2019:

- a. The Holding Company is not having a full fledged ERP system to manage different operational activities. Accordingly, many of the operations, which would have been taken care by the system, required manual intervention and to that extent there are limitations in control system and processes.

The discrepancies noticed due to the above weakness, were, however, rectified by the year end with manual intervention.

- b. The Holding Company did not have an appropriate internal control system at seventeen (17) projects sites which could potentially result

in the Company recognizing revenue without establishing reasonable certainty of ultimate collection and could potentially result in material misstatements in the Company's trade payables, consumption, inventory and expense account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Holding Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the said Guidance Note issued by ICAI.

- c. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company for the year ended March 31, 2019.

**Other Matters**

- a. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal Financial controls over financial reporting in so far as it relates to two subsidiary companies (including one step down subsidiary company) incorporated in India, is based on the corresponding report of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by, and on the reports of the other auditors.

**For Bagaria & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No:**  
**113447W/W-100019**

**Vinay Somani**  
**Partner**  
**Membership No: 143503**  
**UDIN : 19143503AAAAFO7904**

**Place : Mumbai**  
**Date : 30<sup>th</sup> July, 2019**

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

(₹ in Crores)

Particulars	Note	As at	
		March 31, 2019	March 31, 2018
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant & Equipment	3	12.30	28.25
(b) Investment Property	3.1	5.62	5.72
(c) Goodwill on Consolidation		1.80	1.80
(d) Other Intangible Assets	3.2	377.40	412.14
(e) Intangible Assets under development	3.3	188.00	184.91
(f) Financial Assets			
(i) Investments	4	0.15	27.03
(ii) Other Financial Assets	5	32.16	24.45
(g) Other Non-Current Assets	6	18.67	27.83
<b>Total Non Current Assets</b>		<b>636.10</b>	<b>712.13</b>
<b>Current Assets</b>			
(a) Inventories	7	1.23	15.19
(b) Financial Assets			
(i) Trade Receivables	8	301.66	327.37
(ii) Cash & Cash Equivalents	9	19.59	10.39
(iii) Bank Balances other than (ii) above	10	4.97	8.76
(iv) Loans	11	218.71	176.43
(v) Other Financial Assets	12	3.20	2.54
(c) Other Current Assets	13	36.18	38.38
<b>Total Current Assets</b>		<b>585.55</b>	<b>579.06</b>
<b>Total Assets</b>		<b>1,221.65</b>	<b>1,291.19</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	14	22.53	22.53
(b) Other Equity	15	(487.69)	(386.66)
<b>Equity Attributable to Shareholders of the Company</b>		<b>(465.16)</b>	<b>(364.13)</b>
<b>Non-Controlling Interest</b>		<b>(156.23)</b>	<b>(108.25)</b>
<b>Total Equity</b>		<b>(621.39)</b>	<b>(472.38)</b>
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	383.81	622.85
(iii) Other Financial Liabilities	17	51.65	78.23
(b) Deferred Tax Liabilities (Net)	18	3.77	3.77
(c) Other Non-Current Liabilities	19	30.98	22.54
<b>Total Non Current Liabilities</b>		<b>470.21</b>	<b>727.39</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	370.80	291.42
(ii) Trade Payables	21		
- Total outstanding dues of micro enterprises and small enterprises; and		2.69	2.77
- Total outstanding dues of creditors other than micro enterprises and small enterprises		102.57	154.25
(iii) Other Financial Liabilities	22	854.01	537.81
(b) Other Current Liabilities	23	41.47	49.03
(c) Provisions	24	1.29	0.90
<b>Total Current Liabilities</b>		<b>1,372.83</b>	<b>1,036.18</b>
<b>Total Equity &amp; Liabilities</b>		<b>1,221.65</b>	<b>1,291.19</b>
Significant Accounting Policies	1 & 2		
See Accompanying notes forming part of the Financial Statements	3 to 58		

In term of our Report attached  
**For Bagaria & Co. LLP**  
Chartered Accountants  
FRN : 113447W/ W-100019

For and on behalf of the Board

**Jagdish K. Valecha**  
Vice-Chairman and Director  
DIN : 00013070

**Tarun Dutta**  
Chief Executive Officer

**Vinay Somani**  
Partner  
Membership No. 143503

**Ketan H. Gandhi**  
Director  
DIN : 00650579

**Sonal V. Jitiya**  
Director  
DIN : 00668047

**Lalna B. Takekar**  
Director  
DIN : 08111805

Place : Mumbai.  
Date : 30th July 2019

**Anil S. Korpe**  
Chief Financial Officer

**Vijay Kumar H. Modi**  
Company Secretary & Legal

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

(₹ in Crores)

Particulars	Note	Year Ended March 31,2019	Year Ended March 31,2018
<b>Income</b>			
Revenue from Operations	25	209.72	252.64
Other Income	26	17.67	54.10
<b>Total Income</b>		<b>227.39</b>	<b>306.74</b>
<b>EXPENSES</b>			
Construction Expenses	27	160.15	185.99
Changes in Inventories	28	13.96	25.44
Employee Benefit Expenses	29	9.03	9.58
Finance Cost	30	126.15	172.25
Depreciation and Amortization Expenses	3,3.1,3.2	40.07	104.48
Other Expenses	31	28.29	34.64
<b>Total Expenses</b>		<b>377.65</b>	<b>532.38</b>
<b>Profit/ (Loss) Before Share of Net Profit/ (loss) in Associate, Exceptional Items and Tax</b>		<b>(150.26)</b>	<b>(225.64)</b>
Share of Net Profit/ (loss) in Associates		(0.003)	-
<b>Profit/ (Loss) Before Exceptional Items and Tax</b>		<b>(150.26)</b>	<b>(225.64)</b>
Exceptional Items (Net)	32	-	(0.03)
<b>Profit/ (loss) Before Tax</b>		<b>(150.26)</b>	<b>(225.61)</b>
<b>Tax Expenses</b>			
Current Tax (Including earlier year taxation)		-	1.66
Deferred Tax		-	(2.09)
		-	(0.43)
<b>Profit/ (Loss) for the year</b>		<b>(150.26)</b>	<b>(225.18)</b>
<b>Attributable to</b>			
Shareholders of the Company		(102.29)	(154.86)
Non-Controlling Interests		(47.98)	(70.31)
<b>Other Comprehensive Income / (Loss)</b>			
A. (i) Items that will not be reclassified to profit or loss			
(a) Fair Value of Financial Instruments		(0.29)	(1.55)
(b) Investment in Equity Instruments		-	0.40
(c) Re-measurement of defined benefit plans		0.15	(1.13)
ii) Income tax relating to items that will not be classified to profit or loss		-	-
B. (i) Items that will be reclassified to profit or loss			
(a) Re-measurement of gain/(loss) of investment/advances in foreign subsidiary		1.39	-
(ii) Income tax relating to items that will be classified to profit or loss		-	-
<b>Other Comprehensive Income / (Loss) for the year</b>		<b>1.25</b>	<b>(2.28)</b>
<b>Total Comprehensive Income for the year</b>		<b>(149.01)</b>	<b>(227.46)</b>
<b>Attributable to</b>			
Shareholders of the Company		(101.03)	(157.13)
Non-Controlling Interests		(47.98)	(70.31)
<b>Earnings per Equity Share of Face Value of ₹ 10 each</b>			
Basic and Diluted	33	(66.69)	(99.95)
Significant Accounting Policies	1 & 2		
See Accompanying notes forming part of the Financial Statements	3 to 58		

In term of our Report attached  
**For Bagaria & Co. LLP**  
Chartered Accountants  
FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Jagdish K. Valecha**  
Vice-Chairman and Director  
DIN : 00013070

**Tarun Dutta**  
Chief Executive Officer

**Vinay Somani**  
Partner  
Membership No. 143503

**Ketan H. Gandhi**  
Director  
DIN : 00650579

**Sonal V. Jitiya**  
Director  
DIN : 00668047

**Lalna B. Takekar**  
Director  
DIN : 08111805

Place : Mumbai.  
Date : 30th July 2019

**Anil S. Korpe**  
Chief Financial Officer

**Vijay Kumar H. Modi**  
Company Secretary & Legal

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

(₹ in Crores)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>A. Cash flow from Operating activities</b>		
Profit/(Loss) Before Tax	(150.26)	(225.61)
<b>Add / (Deduct) Adjustment for :</b>		
Depreciation and Amortization Expense	40.07	104.48
Loss / (Profit) on sale of property, plant & equipments, Investment Property (net)	0.80	(12.32)
Impairment of Plant and Equipment	4.02	-
Capital Work in Progress written off	-	0.07
Finance Cost	126.16	172.25
Interest Income	(4.79)	(2.95)
Interest in the Associate	0.003	-
Fair Value of Financial Instruments	(0.29)	(1.55)
Re-measurement of defined benefit plans	0.15	(1.13)
Re-measurement of gain/(loss) of investment/advances in foreign subsidiary	1.39	-
Investment in Equity Instruments	-	0.40
Rental Income from Investment Properties	(1.25)	(1.94)
<b>Operating Profit/ (Loss) before Working Capital changes</b>	<b>15.99</b>	<b>31.69</b>
<b>Changes in Working Capital:</b>		
<b>Adjustment for (increase) / decrease in operating assets:</b>		
Decrease in Inventories	13.96	25.44
(Increase)/ Decrease in Trade Receivable	25.70	28.89
(Increase) / Decrease Loans	(42.28)	37.39
(Increase)/ Decrease in other current assets and non-current financial assets	(2.37)	(0.95)
<b>Adjustment for (increase) / decrease in operating liabilities:</b>		
Increase/ (Decrease) in Trade Payables	(51.76)	(65.00)
Increase/(Decrease) in other current and financial liabilities (non-current)	290.50	153.27
Increase/ (Decrease) in Provisions	0.38	0.33
<b>Cash Generated From / (used in) Operations</b>	<b>250.13</b>	<b>211.06</b>
Direct Taxes (Paid)	9.16	5.08
<b>Net Cash Flow from operating activities (A)</b>	<b>259.29</b>	<b>216.14</b>
<b>B. Cash Flow from investing activities</b>		
Capital Expenditure for Property, Plant and Equipments, Investments Property, Intangible Assets including CWIP	(3.37)	(11.37)
Proceeds from disposal of Property, Plant and Equipment, Investment Property	6.18	22.15
Investment in shares	(0.001)	-
Sale of Investments	-	1.51
Sale of non-current and current investments	26.88	-
Interest received	4.79	2.95
Rental Income from investment property	1.25	1.94
<b>Net Cash flow from investing activities (B)</b>	<b>35.73</b>	<b>17.18</b>

(₹ in Crores)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>C. Cash flow from financing activities</b>		
Repayment of Debenture		
Proceeds from/ (Repayment) of long term borrowings	(239.04)	(91.00)
Net increase / (Decrease) in Working Capital borrowings	79.38	23.69
Finance Cost	(126.16)	(172.25)
<b>Net Cash flow used in financing activities (C )</b>	<b>(285.82)</b>	<b>(239.55)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>9.20</b>	<b>(6.23)</b>
<b>Cash and Cash Equivalent at the beginning of the year</b>	<b>10.39</b>	<b>16.62</b>
<b>Cash and Cash Equivalent at the end of the year</b>	<b>19.59</b>	<b>10.39</b>
Note: Figures in brackets represents cash outflow		
Significant Accounting Policies	1 & 2	
See accompanying notes forming part of the Financial Statements	3 to 58	

In term of our Report attached  
**For Bagaria & Co. LLP**  
Chartered Accountants  
FRN : 113447W/ W-100019

For and on behalf of the Board

**Jagdish K. Valecha**  
Vice-Chairman and Director  
DIN : 00013070

**Tarun Dutta**  
Chief Executive Officer

**Vinay Somani**  
Partner  
Membership No. 143503

**Ketan H. Gandhi**  
Director  
DIN : 00650579

**Sonal V. Jitiya**  
Director  
DIN : 00668047

**Lalna B. Takekar**  
Director  
DIN : 08111805

Place : Mumbai.  
Date : 30th July 2019

**Anil S. Korpe**  
Chief Financial Officer

**Vijay Kumar H. Modi**  
Company Secretary & Legal



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019**

(₹ in Crores)

<b>A. Equity Share Capital</b>	<b>Nos. of Shares</b>	<b>Amount</b>
<b>Balance as at April 01, 2017</b>	22,530,025	22.53
Add: Changes in Equity Share Capital	-	-
<b>Balance as at March 31, 2018</b>	22,530,025	22.53
Add: Changes in Equity Share Capital	-	-
<b>Balance as at March 31, 2019</b>	22,530,025	22.53

**B. Other Equity**

(₹ in Crores)

Particulars	Reserve & Surplus				Item of other Comprehensive Income / (Loss)			Total
	Securities Premium	General Reserve	Compulsory Convertible Debentures (CCD)	Retained Earnings	Defined benefit plans	Re-measurement of gain/(loss) of investment/ advances in foreign subsidiary	Fair Value of Financial Measurements	
<b>Balance as at April 01, 2017</b>	121.12	43.90	18.31	(410.22)	0.68	-	(3.32)	(229.53)
Transferred from Revaluation Reserve	-	-	-	-	-	-	-	-
Other comprehensive Income / (loss) for the year, net of tax	-	-	-	-	(1.13)	-	(1.14)	(2.28)
Profit / (Loss) for the year	-	-	-	(154.86)	-	-	-	(154.86)
<b>Balance at March 31, 2018</b>	121.12	43.90	18.31	(565.08)	(0.45)	-	(4.46)	(386.66)
Other comprehensive Income / (loss) for the year, net of tax	-	-	-	-	0.15	1.39	(0.29)	1.25
Prior Year Adjustments for Taxes and Others	-	-	-	-	-	-	-	-
Profit / (Loss) for the year	-	-	-	(102.29)	-	-	-	(102.29)
<b>Balance at March 31, 2019</b>	121.12	43.90	18.31	(667.37)	(0.30)	1.39	(4.75)	(487.69)

See Accompanying notes forming part of the Financial Statements

In term of our Report attached  
**For Bagaria & Co. LLP**  
 Chartered Accountants  
 FRN : 113447W/ W-100019

For and on behalf of the Board

**Jagdish K. Valecha**  
 Vice-Chairman and Director  
 DIN : 00013070

**Tarun Dutta**  
 Chief Executive Officer

**Vinay Somani**  
 Partner  
 Membership No. 143503

**Ketan H. Gandhi**  
 Director  
 DIN : 00650579

**Sonal V. Jitiya**  
 Director  
 DIN : 00668047

**Lalna B. Takekar**  
 Director  
 DIN : 08111805

Place : Mumbai.  
 Date : 30th July 2019

**Anil S. Korpe**  
 Chief Financial Officer

**Vijay Kumar H. Modi**  
 Company Secretary & Legal

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

### 1 Statement of compliance

The Consolidated financial statements Complies in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act and other accounting principles generally accepted in India.

### 2 Significant accounting policies

#### 2.1 Basis of preparation and presentation

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.1.1 Historical cost convention

The Group follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis. the consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

##### 2.1.2 Current & Non Current Classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalent, the Group has ascertained its operating cycle as twelve (12) months for the purpose of current or non-current classification of assets and liabilities.

The Group's consolidated financial statements are presented in Indian Rupees (₹), which is its functional currency and all values are rounded to the nearest crore (₹ 0,000,000) in two decimals except when otherwise indicated.

### 2.2 Basis of consolidation

**2.2.1** The consolidated financial statements incorporate the financial statements of the Parent Group and its subsidiaries (Refer Note-39). For this purpose, an entity which is, directly or indirectly, controlled by the Parent Group is treated as subsidiary. The Parent Group together with its subsidiaries constitute the Group. Control exists when the Parent Group, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

**2.2.2** Consolidation of a subsidiary begins when the Parent Group, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Group, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Group, directly or indirectly, gains control until the date when the Parent Group, directly or indirectly, ceases to control the subsidiary.

**2.2.3** The consolidated financial statements of the Group combines financial statements of the Parent Group and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Group.

The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Group's standalone financial statements. Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Group and to the non-controlling interests and have been shown separately in the consolidated financial statements.

**2.2.4** Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Group.

**2.2.5** The gains/losses in respect of part divestment/dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Group.

**2.2.6** The gains/losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as an associate or a joint venture or a financial asset.

**2.2.7** Goodwill on consolidation as on the date of transition i.e. April 1, 2016 represents the excess of cost of acquisition at each point of time of making the investment in the subsidiary over the Group's share in the net worth of a subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation (if any) represents excess of the Group's share in the net worth of a subsidiary over the cost of acquisition at each point of time of making the investment in the subsidiary.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

Goodwill on consolidation arising on acquisitions on or after the date of transition represents the excess of (a) consideration paid for acquiring control and (b) acquisition date fair value of previously held ownership interest, if any, in a subsidiary over the Group's share in the fair value of the net assets (including identifiable intangibles) of the subsidiary as on the date of acquisition of control.

Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

### 2.3 Use of Estimates

The preparation of the consolidated financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known /materialise.

### 2.4 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. Cost of work-in-progress comprises, raw materials, direct labour, other direct costs and related production overheads.

### 2.5 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.6 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

### 2.7 Revenue recognition

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Ind AS 115 Revenue from Contracts with Customer Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. The Group adopted Ind AS 115 using the modified retrospective method of adoption.

The Group recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation.

Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. The Group recognizes revenue and profit/loss on the basis of stage of completion achieved under each contract. The recognition of revenue and profit/loss therefore rely on degree of completion achieved under each contract.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred.

Contracts executed in Joint Ventures / Consortium under work sharing arrangement are accounted in accordance with the accounting policy followed by the Group 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 Group in the year in which the relative contract/s is/are completed / Income received.

There were no significant adjustments required to the retained earnings as at April 01, 2018. The adoption of the standard did not have any material impact on these Standalone Financial statements.

Revenue is disclosed net of Goods and Service Tax (GST) as applicable.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

### Other Income

Interest Income is recognised on the basis of effective interest method as set out in IND AS 109 on Financial Instruments and where no significant uncertainty as to measurability or collectability exists.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

### 2.8 Employee Benefit

#### 2.8.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### 2.8.2 Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### 2.8.3 Post-employment obligations

##### (i) Defined benefit provident fund plan

The Group's contribution to provident fund is charged to Statement of Profit and Loss.

##### (ii) Defined benefit Gratuity fund plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan. The defined benefit obligation is calculated annually as provided by LIC. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. The Group does not have scheme of leave encashment.

### 2.9 Taxation

#### 2.9.1 The Income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in the profit and loss except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

#### 2.9.2 Current Tax

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income.

Current tax assets and tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 2.9.3 Deferred Tax

Deferred Tax charge or credit is recognised 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 assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### 2.9.4 Minimum Alternative Tax ('MAT')

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

**2.10 Financial Instruments** A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 2.10.1 Financial Assets

#### **Classification of Financial Assets**

The Group classifies its financial assets in the following measurement categories:

- (a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- (b) those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

- (a) For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.
- (b) For investments in debt instruments, this will depend on the business model in which the investment is held.
- (c) For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### **Measurement of Financial Assets**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### 2.10.1.a **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or other expenses (as applicable). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income or other expenses (as applicable) in the period in which it arises. Interest income from these financial assets is included in other income or other expenses, as applicable.

#### 2.10.1.b **Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has selected to present fair value gains and losses on equity investments in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses, as applicable in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 2.10.1.c Fair Value Hedge

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in statement of profit and loss.

#### **Impairment of financial assets**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

#### **Derecognition of financial assets**

A financial asset is derecognised only when -

- (a) The Group has transferred the rights to receive cash flows from the financial asset or
- (b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### 2.10.2 Financial Liabilities

#### **Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**2.10.3 (i)** Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(ii) Borrowings are classified as current financial liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### 2.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortization, where appropriate.



## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

### 2.12 Property, plant and equipment

On transition to Ind AS, The group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the property, plant and equipment

Free-hold land is carried at cost. Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital Work in Progress ('CWIP') comprises amount paid towards acquisition of property, plant and equipment outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for its intended use and borrowing cost incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

The Group assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any, such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is charged to profit and loss account. If at the balance Sheet date there is any deduction that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

#### Depreciation and amortisation

Depreciation on Fixed Assets is calculated on "Straight Line Method" over the estimated useful life in the manner prescribed in Schedule II of the Companies Act, 2013.w.e.f. 01.04.2014. Depreciation on Revalued Assets, is calculated on their respective book values, at the rates considered applicable by the valuers.

Free hold land is not depreciated. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

### 2.13 Foreign currency transactions

Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are affected. Exchange differences arising on settlement of these transactions are recognized in the Statement of Profit and Loss.

Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are revalued using the exchange rate prevailing at date of the Balance Sheet and resulting exchange difference is recognized in the Statement of Profit and Loss. Non-monetary foreign currency items are carried at cost.

### 2.14 Investment Property

Property that is held for rental or Capital appreciation and which is not occupied by the group, is classified by Investing property. Investment property is measured at cost including related transaction cost and where applicable borrowing cost. Investment properties are depreciated at the same rate applicable for class of asset under Property,Plant and Equipment. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

On transition to Ind AS, the group has elected to continue with the carrying value of all of its investment properties recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

### 2.15 Intangible assets

On transition to Ind AS, The group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the intangible assets.

An intangible asset shall be recognised if, and only if: (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the group and (b) the cost of the asset can be measured reliably.

#### Amortisation on Intangible asset

Amortisation on intangible Assets is calculated on "Straight Line Method" over the period of useful life of asset as technically evaluated by the management.

### 2.16 Earnings per share

#### 2.16.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group; and

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.



## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

### 2.16.2 *Diluted earnings per share*

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 2.17 **Impairment of Assets :**

The carrying amounts of all assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An assets is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

### 2.18 **Provisions, contingent liabilities and contingent assets**

#### ***Provisions***

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### ***Contingent liabilities***

Contingent Liabilities are not recognized but disclosed in notes forming part of the consolidated financial statements.

#### ***Contingent Assets***

Contingent Assets are disclosed, where an inflow of economic benefits is probable. Contingent assets are neither recognised nor recorded in financial statements.

### 2.19 **Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

## 3 Property, Plant &amp; Equipments

## Cost

Particulars	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
<b>Balance as at March 31, 2017</b>	4.10	1.45	101.80	9.59	15.86	132.80
Additions	-	-	0.23	0.04	-	0.27
Disposal / Adjustments	-	-	20.84	0.12	0.42	21.38
<b>Balance as at March 31, 2018</b>	4.10	1.45	81.19	9.51	15.44	111.69
Additions	-	-	-	0.03	0.24	0.27
Disposal / Adjustments	3.88	-	40.81	-	-	44.69
<b>Balance as at March 31, 2019</b>	0.22	1.45	40.38	9.54	15.68	67.27

## Accumulated Depreciation

Particulars	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
<b>Balance as at March 31, 2017</b>	-	0.37	63.88	8.11	12.79	85.15
Depreciation / Amortization	-	0.03	9.08	1.03	0.71	10.85
Disposal / Adjustments	-	-	12.14	0.11	0.31	12.56
<b>Balance as at March 31, 2018</b>	-	0.40	60.82	9.03	13.19	83.44
Depreciation / Amortization	-	0.03	4.31	0.33	0.57	5.23
Disposal / Adjustments	-	-	33.69	-	-	33.69
<b>Balance as at March 31, 2019</b>	-	0.43	31.44	9.36	13.76	54.99

## Carrying Amount

Particulars	As at March 31, 2019	As at March 31, 2018
Land- Freehold	0.22	4.10
Buildings	1.02	1.06
Plant & Equipments	8.95	20.37
Furniture & Fixtures	0.18	0.48
Vehicles	1.93	2.24
<b>Total</b>	12.30	28.25

## 3.1 Investment Property

Particulars	Buildings	Total
<b>Balance as at March 31, 2017</b>	8.03	8.03
Additions	-	-
Disposal / Adjustments	1.40	1.40
<b>Balance as at March 31, 2018</b>	6.63	6.63
Additions	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	6.63	6.63

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

**Accumulated Depreciation**

Particulars	Building	Total
<b>Balance as at March 31, 2017</b>	<b>1.18</b>	<b>1.18</b>
Depreciations	0.12	0.12
Disposal / Adjustments	0.39	0.39
<b>Balance as at March 31, 2018</b>	<b>0.91</b>	<b>0.91</b>
Depreciations	0.10	0.10
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	<b>1.01</b>	<b>1.01</b>

**Carrying Amount**

Particulars	As at March 31, 2019	As at March 31, 2018
Buildings	5.62	5.72
<b>Total</b>	<b>5.62</b>	<b>5.72</b>

**Amount recognised in profit or loss for Investment Properties**

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
1 Rental Income	1.25	1.94
2 Direct operating expenses from property that did not generate rental income.	0.13	0.21
3 There are no restrictions on the realisability of investment property. The Parent Company is using same life for the same class of asset as applicable for property		
4 plant and equipment.		

**Fair Value**

- Investment property - Office Premises, the market value has not been ascertained.
- The range of estimates within which fair value is highly likely to lie- ₹40.06 crores ( Rs 53.31 crores for March 31, 2018)

**3.2 Other Intangible Assets****Cost**

Particulars	Concessionaire Right	Total
<b>Balance as at March 31, 2017</b>	628.81	628.81
Additions	0.11	0.11
Disposal / Adjustments	59.35	59.35
<b>Balance as at March 31, 2018</b>	<b>569.56</b>	<b>569.56</b>
Additions	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	<b>569.56</b>	<b>569.56</b>

**Accumulated Depreciation**

Particulars	Concessionaire Right	Total
<b>Balance as at March 31, 2017</b>	123.24	123.24
Depreciation / Amortization	34.74	34.74
Disposal / Adjustments	0.58	0.58
<b>Balance as at March 31, 2018</b>	<b>157.40</b>	<b>157.40</b>
Depreciation / Amortization	34.74	34.74
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	<b>192.14</b>	<b>192.14</b>

**Carrying Amount**

Particulars	As at March 31, 2019	As at March 31, 2018
Concessionaire Right	377.40	412.14
<b>Total</b>	<b>377.40</b>	<b>412.14</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

## 3.3 Intangible Assets under development At Cost

Particulars	Concessionaire Right	Total
<b>Balance as at March 31, 2017</b>	173.91	173.91
Additions	11.00	11.00
Capitalisation	-	-
<b>Balance as at March 31, 2018</b>	184.91	184.91
Additions	3.09	3.09
Capitalisation	-	-
<b>Balance as at March 31, 2019</b>	188.00	188.00

Particulars	As at March 31, 2019	As at March 31, 2018
Concessionaire Right	188.00	184.91
<b>Total</b>	<b>188.00</b>	184.91

## 4. Investments

(₹ in Crores)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of shares	Amount	No. of shares	Amount
<b>Unquoted &amp; Fully Paid Equity Instruments</b>				
<b>In Associate Companies - At Cost</b>				
Bhubaneswar Express Ways Pvt Ltd (Face Value ₹10/- each)	-	-	26,876,200	26.88
Valecha Reality Ltd (Face Value ₹10/- each)	24,950	0.02	24,950	0.02
Aryavrat Tollways Pvt. Ltd. - Voting Shares (Face Value ₹10/- each)	4,900	-	4,900	-
Aryavrat Tollways Pvt. Ltd. - Non-Voting Shares (Face Value ₹ 10/- each)	44,100	0.04	44,100	0.04
		0.07		26.95
<b>In Others (at FVTOCI)</b>				
The Saraswat Co-op. Bank Ltd. (Face Value ₹10/- each)	2,500	-	2,500	-
The Janakalyan Sahakari Bank Ltd. (Face Value ₹10/- each)	50,000	0.05	50,000	0.05
The Janta Sahakari Bank Ltd (Face Value ₹10/- each)		-		-
Valecha Chambers Condominium (Face Value ₹ 100/- each)	37	-	37	-
Varun Cements Ltd. (Face Value ₹ 10/- each)	42,800	0.02	42,800	0.02
		0.08		0.08
<b>Total</b>		<b>0.15</b>		<b>27.03</b>
Aggregate amount of unquoted investments		<b>0.15</b>		27.03

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019**

(₹ in Crores)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>5 Other Non Current Financial Assets</b>		
Unsecured, Considered good unless otherwise stated		
Security Deposits	0.07	0.07
Retention	29.21	21.50
Others	2.89	2.89
<b>Total</b>	<b>32.16</b>	<b>24.45</b>
<b>6 Other Non Current Assets</b>		
Balances with Government Authorities	18.67	27.83
Deposits	0.01	0.01
<b>Total</b>	<b>18.67</b>	<b>27.83</b>
<b>7 Inventories</b> (As taken, valued & certified by Management)		
Raw Materials	1.23	15.19
<b>Total</b>	<b>1.23</b>	<b>15.19</b>
<b>8 Trade Receivables</b>		
<b>Unsecured</b>		
Considered Good*	301.66	327.37
Considered Doubtful	-	-
	<b>301.66</b>	<b>327.37</b>
Less: Allowance for doubtful trade receivables	-	-
<b>Total</b>	<b>301.66</b>	<b>327.37</b>
* Retention money which is due has been re-classified as Trade Receivables.		
<b>9 Cash and Cash Equivalents</b>		
Cash on Hand	0.26	0.22
Balances with Banks	-	-
- In Current Accounts (including money-in-transit)	19.33	10.16
<b>Total</b>	<b>19.59</b>	<b>10.39</b>
<b>10 Other Bank Balances</b>		
Earmarked Balances with Banks		
- Unpaid Dividend Accounts	0.09	0.12
- Margin Money Deposit	4.88	8.65
<b>Total</b>	<b>4.97</b>	<b>8.76</b>
<b>11 Loans</b>		
Unsecured, considered good unless otherwise stated		
Loans to Subsidiary Companies	0.02	-
Loans to Related Parties	39.33	48.28
Loans and Advances to Employees	1.27	0.96
Other Loans and advances	178.09	127.19
<b>Total</b>	<b>218.71</b>	<b>176.43</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

	Particulars	As at			
		March 31, 2019	March 31, 2018		
<b>12 Other Financial Assets</b>					
Advance Recoverable		0.42	1.69		
Others		2.78	0.85		
<b>Total</b>		<b>3.20</b>	<b>2.54</b>		
<b>13 Other Current Assets</b>					
Balance with Government Authorities		34.43	36.01		
Others		1.75	2.37		
<b>Total</b>		<b>36.18</b>	<b>38.38</b>		
	Particulars	As at 31st March, 2019		As at 31st March, 2018	
		No. of shares	Amount	No. of shares	Amount
<b>14 Share Capital</b>					
<b>Authorised:</b>					
Equity Shares of ₹ 10/- each		35,000,000	35.00	35,000,000	35.00
<b>Issued, Subscribed &amp; paid up:</b>					
Equity Shares of ₹ 10/- each		22,530,025	22.53	22,530,025	22.53
<b>14.1 Reconciliations of the number of equity shares and amount outstanding at beginning and end of the year</b>					
	Particulars	As at 31st March, 2019		As at 31st March, 2018	
		No. of shares	Amount	No. of shares	Amount
	Balance at beginning of the year	22,530,025	22.53	22,530,025	22.53
	Add: Changes in Equity Share Capital	-	-	-	-
	Balance at the end of the year	22,530,025	22.53	22,530,025	22.53
<b>14.2 Right, Preferences and restrictions attached to shares :</b>					
	The Holding Company has only one class of Equity Shares having a par value of ₹10/- per share. Each share holder is entitle for one vote per share. In the event of liquidation, the equity share holders are entitle to receive the remaining assets of the Holding Company, after distribution of all preferential amounts, in proportion to their share holding.				
<b>14.3 Details of shares held by each shareholders holding more than 5% shares</b>					
	Particulars	As at 31st March, 2019		As at 31st March, 2018	
		No. of shares	%	No. of shares	%
	Valecha Investment Pvt. Ltd.	4,003,745	17.77	6,933,249	30.77
	Suman Aggarwal	2,928,504	13.00	-	-
	Hypnos Fund Limited	2,000,000	8.88	2,000,000	8.88
<b>15 Other Equity</b>					
	Particulars	As at March 31, 2019		As at March 31, 2018	
<b>15.1 Securities Premium</b>			121.12		121.12
<b>15.2 General Reserve</b>			43.90		43.90
<b>15.3 Retained Earnings</b>			(667.36)		(565.08)
<b>15.4 Compulsory Convertible Debentures (CCD) (Unsecured)</b>			18.31		18.31
	<i>1,31,10,000 Unsecured Compulsory Convertible Debentures of ₹ 10 each issued on 23.12.2010 to be converted any time between period of 5 to 10 years from the Commercial Operations Date</i>				
	<i>52,00,000 Unsecured Compulsory Convertible Debentures of ₹10 each issued on 04.10.2012 to be converted after 10 years from the date of issue.</i>				
<b>15.5 Other Comprehensive Income</b>			(3.66)		(4.91)
<b>Total</b>			<b>(487.69)</b>		<b>(386.66)</b>

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019**

(₹ in Crores)

**Nature of Reserves****(i) Securities Premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

**(ii) General Reserve**

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to statement of profit and loss.

**(iii) OCI - Fair Value of Financial Instrument**

The Group recognised resultant impact of fair valuation on financial assets and liabilities.

	Particulars	As at March 31, 2019	As at March 31, 2018
<b>16</b>	<b>Non Current Borrowings</b>		
	<b>Secured</b>		
	<b>Term Loans :</b>		
	From Banks	356.73	594.66
	<b>Unsecured</b>		
	Related Parties (Refer Note Below)	27.08	28.19
	<b>Total</b>	<b>383.81</b>	<b>622.85</b>

Note: In view of amendments in terms of repayment, the loan received from related party has been reclassified as Non Current during the current financial year and previous year's figure have also been reclassified accordingly.

	Repayment tenure & Security nature	Last installment Date	Rate of Interest	Amount outstanding as at	
				March 31, 2019	March 31, 2018
<b>16.1.a</b>	<b>Valecha Engineering Limited</b>				
1	Repayable in 9 quarterly installments, secured by first & exclusive charge on the project receivables for EPC from Surat Municipal Corporation for the three projects with the exclusive & first charge over Escrow A/c & project specific Current Assets.	Mar-16	11.70%	49.02	49.02
2	Corporate Loan Repayable in 10 Quarterly Instalments, secured by exclusive charge on the specific immovable property along with the subservient charge on movable fixed assets & current assets.	Dec-16	13.10%	15.56	15.56
3	Term Loan Repayable in 6 quarterly installments is secured by first & exclusive charge on the project receivables for EPC from Rapti Nhar Nirman Mandal-II Irrigation Depart, Basti, Uttar Pradesh with the exclusive and first charge over Escrow Account and project specific Current Assets.	Aug-17	12.25%	77.87	77.87
4	Repayable in 18 quarterly installments, secured by first & exclusive charge on the specific immovable property & JSL & VIL Shares	Sep-20	12.15%	8.56	16.70
5	Repayable in 46 monthly installments, secured by first & exclusive charge on the specific vehicles	Nov-18	10.50%	0	0.21
6	Repayable in 60 monthly installments, secured by exclusive charge on the specific Machineries	Sep-20	14.00%	27.12	28.65
7	Repayable in 36 monthly installments, secured by exclusive charge on the specific Machineries	Sep-18	14.00%	3.31	3.72
<b>16.1.b</b>	<b>Valecha Infrastructure Limited</b>				
8	Repayable in 18 quarterly installments, secured by pledge of shares & Immovable Property	Sep-20	11.50%	38.58	33.98



## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

9	Repayable in 18 quarterly installments, secured by pledge of shares & Immovable Property	Sep-21	11.50%	36.99	35.60
	<b>Repayment tenure &amp; Security nature</b>	<b>Last installment Date</b>	<b>Rate of Interest</b>	<b>Amount outstanding as at</b>	
				<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>16.1.c</b>	<b>Valecha LM Toll Pvt Limited</b>				
10	Repayable in 44 unequal quarterly installments, secured by first mortgage charge over the properties and assets along with assignment of all the revenues of the borrower from the project along with other securities	Nov-29	11.55%	219.36	182.50
<b>16.1.d</b>	<b>Valecha Badwani Sendhwa Tollways Limited</b>				
11	Repayable in 47 unequal quarterly installments, secured by first charge over the properties and assets along with assignment of all the revenues of the borrower from the project along with other securities	May-29	11.40%	49.58	55.29
<b>16.1.E</b>	<b>Valecha Kachchh Toll Roads Limited</b>				
12	Repayable in 39 structured quarterly installments, secured by first charge over the properties and assets along with assignment of all the revenues of the borrower from the project along with other securities.	Mar-27	16.10%	350.89	299.87
13	Repayable in 39 structured quarterly installments, secured by first charge over the properties and assets along with assignment of all the revenues of the borrower from the project along with other securities.	Mar-27	11.40%	230.31	206.44
<b>16.2</b>	<b>The Group has defaulted in repayment of loans and interest in respect of the following</b>				
	<b>Particulars</b>	<b>Period of Default</b>	<b>Amount of Default (As at March 31, 2019)</b>		<b>Total</b>
			<b>Principal</b>	<b>Interest</b>	
<b>16.2.a</b>	<b>Valecha Engineering Limited</b>				
	<b>Term Loan</b>				
	Central Bank of India	30 to 1279 Days	35.98	13.04	49.02
	Syndicate Bank	30 to 1186 Days	58.16	19.71	77.88
	Yes Bank	30 to 668 Days	6.90	1.65	8.56
	State Bank of India	30 to 1095 Days	12.08	3.47	15.56
	<b>Machinery Loan</b>				
	SREI Equipment Finance Ltd	30 to 730 Days	20.16	10.28	30.44
	<b>Fixed Deposits from Public</b>	30 to 1673 Days	28.16	2.58	30.74
	<b>Total (a)</b>		<b>161.45</b>	<b>50.74</b>	<b>212.19</b>
<b>16.2.b</b>	<b>Valecha Infrastructure Limited</b>				
	<b>Term Loan</b>				
	Yes Bank	30 to 395 Days	66.57	0.90	67.47
	<b>Total (b)</b>		<b>66.57</b>	<b>0.90</b>	<b>67.47</b>
<b>16.2.c</b>	<b>Valecha Kachchh Toll Roads Ltd.</b>				
	<b>Term Loan</b>				
	Canara Bank	30 to 1033 Days	213.33	137.56	350.89
	Indian Overseas Bank	30 to 1033 Days	161.99	68.32	230.31
	<b>Total (c)</b>		<b>375.32</b>	<b>205.88</b>	<b>581.20</b>
<b>16.2.d</b>	<b>Valecha LM Toll Pvt. Ltd.</b>				
	<b>Term Loan</b>				
	State Bank of India	30 to 850 Days	75.30	30.29	105.59
	Axis Bank Ltd	30 to 850 Days	96.44	17.32	113.76
	<b>Total (d)</b>		<b>171.74</b>	<b>47.61</b>	<b>219.35</b>
	<b>Total (a+b+c+d)</b>		<b>775.08</b>	<b>305.13</b>	<b>1,080.21</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

Particulars	(₹ in Crores)	
	As at March 31, 2019	As at March 31, 2018
<b>17 Other Financial Liabilities</b>		
Advance from Contractees	-	0.55
Non Current Liabilities - Trade	<b>42.67</b>	41.36
Non Current Liabilities - Others	<b>8.98</b>	36.32
<b>Total</b>	<b>51.65</b>	78.23
<b>18 Deferred Tax Liabilities (Net)</b>		
<b>Deferred Tax Liabilities</b>		
Differences in WDV in Block of Fixed Assets as per Tax Books and Financial Books	<b>3.77</b>	4.81
<b>Deferred Tax Assets</b>		
Carry Forward Losses as per the Income Tax Act 1961 (Recognised to the extent of Deferred tax liabilities)	-	1.04
<b>Deferred Tax Liabilities (Net)</b>	<b>3.77</b>	3.77
<b>19 Other Non-Current Liabilities</b>		
Provision for contractual obligations	<b>30.98</b>	22.54
<b>Total</b>	<b>30.98</b>	22.54
<b>20 Borrowings</b>		
<b>From Banks - Secured :</b>		
Working Capital Loans - Cash Credit Limits	<b>248.98</b>	209.56
Short Term Facilities	<b>53.84</b>	56.75
<b>From Others - Unsecured :</b>		
Other Short Term Loans	<b>43.55</b>	23.93
<b>Related Parties</b>	<b>24.43</b>	1.17
<b>Total</b>	<b>370.80</b>	291.42

**Note :** Secured by**Primary Security:** Pari passu charge on stock and outstanding book debts of the Parent Company**Collateral Security:** EM on office premises at 4th Floor and part of 3rd floor of Valecha chambers, New Link Road, Oshiwara, Andheri West. Pari passu charge on entire plant and machinery of the Parent Company

Personal guarantees of Mr. J K Valecha, Mr. D H Valecha and Mr. U H Valecha

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

The Parent Company has defaulted in repayment of working capital facilities in respect of the following :

Particulars	Period of Default	Amount of Default (As at March 31, 2019)		
		Principal	Interest	Total
<b>Valecha Engineering Limited</b>				
<b>Working Capital Facilities</b>				
State Bank of India	30 to 1097 Days	195.53	44.48	240.01
Axis Bank Ltd	30 to 1106 Days	71.66	13.44	85.10
Canara Bank	30 to 1266 Days	22.39	1.93	24.32
Lakshmi Vilas Bank	30 to 456 Days	30.30	0.00	30.30
<b>Total</b>		<b>319.88</b>	<b>59.85</b>	<b>379.73</b>

Working capital loans are secured by hypothecation of book debts, current assets, unencumbered plant & machinery and specific immovable properties as per the sanction terms.

Short Term Facilities from Banks are secured against the securities offered under the working capital loans.

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>21 Trade Payables</b>		
Dues of Micro and Small Enterprises	2.69	2.77
Others	102.57	154.25
<b>Total</b>	<b>105.26</b>	<b>157.02</b>
<b>21.1 The details of amounts outstanding to Micro and Small Enterprises based on information available with the Parent Company is as under :</b>		
a. Principal amount remaining unpaid	2.69	2.77
b. Interest due thereon remaining unpaid	0.73	0.73
c. Interest paid	-	-
d. Payment made beyond the appointed day during the year	-	-
e. Interest due and payable for the period of delay	-	-
f. Interest accrued and remaining unpaid	-	-
g. Amount of further interest remaining due and payable in succeeding years	-	-
<b>Total</b>	<b>3.42</b>	<b>3.50</b>

21.2 The Parent Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act, have not been given subject to amount mentioned in above table.

<b>22 Other Financial Liabilities</b>		
Current maturities of Long Term Borrowings (Refer Note 16.1 & 16.2)	441.00	226.69
Current Maturities of Fixed Deposits (Refer Note 16.2.a)	30.74	31.65
Interest Accrued and Due on Borrowings (Refer Note 16.2, 20)	382.00	279.25
Unclaimed Dividends	0.09	0.11
Retention from Sub-contractors	0.10	0.10
Others	0.08	-
<b>Total</b>	<b>854.01</b>	<b>537.81</b>

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>23 Other Current Liabilities</b>		
Statutory Dues	10.34	17.29
Others	31.14	31.75
<b>Total</b>	<b>41.47</b>	<b>49.03</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>24 Provisions</b>		
Provision for Employee Benefits		
Bonus	0.10	0.13
Gratuity	1.19	0.77
<b>Total</b>	<b>1.29</b>	<b>0.90</b>
Particulars	Year Ended	Year Ended
	March 31, 2019	March 31, 2018
<b>25 Revenue from Operations</b>		
Income from Contract and Services	165.33	207.80
Revenue from Toll collection and Annuity	44.39	44.83
<b>Total</b>	<b>209.72</b>	<b>252.64</b>
<b>26 Other Income</b>		
Interest on Fixed Deposits	2.43	0.59
Interest from Others	2.36	2.36
Lease Rental Income	1.25	1.94
Foreign Exchange Fluctuation Gain	-	0.06
Sundry balances written back	9.74	22.93
Excess Provision of earlier years written back	-	10.97
Profit on Sale of Fixed Assets / Investment	-	12.32
Miscellaneous Income	1.89	2.92
<b>Total</b>	<b>17.67</b>	<b>54.10</b>
<b>27 Construction Expenses</b>		
Materials Purchase	14.00	34.16
Sub-Contracting and Transportation Expenses.	130.77	94.62
Power and Fuel	2.04	3.35
Value Added Tax, Service Tax & Labour Cess	0.61	5.18
Repairs, Rent & Maintenances to Plant & Machineries and Vehicles	1.43	4.02
Insurance	0.47	0.78
Site Expenses	10.83	43.89
<b>Total</b>	<b>160.15</b>	<b>185.99</b>
<b>28 Changes in Inventories</b>		
Opening Stock	15.19	40.64
Less: Closing Stock	1.23	15.19
<b>Total</b>	<b>13.96</b>	<b>25.44</b>
<b>29 Employee Benefits Expenses</b>		
Salaries, Wages, and Bonus	7.68	10
Contribution to Provident Fund, Gratuity and other funds	1.23	(0.19)
Welfare Expenses	0.12	0.14
<b>Total</b>	<b>9.03</b>	<b>9.58</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

	Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>30</b>	<b>Finance Cost</b>		
	<b>Interest Expenses</b>		
	-Banks	124.72	165.61
	- Financial Institutions	-	4.05
	-Others Parties	0.68	1.24
	Interest cost on Security deposits	0.16	0.10
	Loan Processing Fees	0.59	1.24
	<b>Total</b>	<b>126.15</b>	<b>172.25</b>
<b>31</b>	<b>Other Expenses</b>		
	Rent, Rates and taxes	0.26	0.24
	Rent and Hire Charges	0.09	0.14
	Printing and stationery	0.05	0.05
	Telephone and Postage	0.09	0.13
	Advertisement	0.01	0.02
	Traveling and conveyance	0.35	0.30
	Business promotion	0.08	0.24
	Electricity charges	0.43	0.41
	Professional Fees	1.74	6.29
	Office Maintenance	0.28	0.68
	Repairs and Maintenance	3.60	4.18
	Toll Operator Fees	0.26	0.22
	MMR Provision	8.45	9.59
	Toll Collection System - Amc	0.08	0.09
	MPRDC Premium	1.42	1.35
	Tender Expenses	0.01	0.04
	Bank charges	0.28	0.25
	Directors Remuneration	1.10	2.37
	Payments to Auditor	0.23	0.23
	General expenses	0.33	0.76
	Loss on sale of assets	0.80	-
	Impairment of Plant and Equipment	3.58	0.02
	Irrecoverable debts written off	3.00	7.05
	Irrecoverable advances written off	0.62	-
	Sundry balances written off	1.15	0.01
	<b>Total</b>	<b>28.29</b>	<b>34.64</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>31 Auditors Remunerations</b>		
Audit Fees	0.21	0.19
Certification and Other Services including Service Tax and Goods and Service Tax	0.02	0.04
<b>Total</b>	<b>0.23</b>	<b>0.23</b>
<b>32 Exceptional Items (Net)</b>		
Pre-operative Expenses	-	(0.07)
Profit /(Loss) on sale of investment	-	0.10
<b>Total</b>	<b>-</b>	<b>0.03</b>

**33 Earnings per Share**

Particulars	2018-19	2017-18
Profit attributable to Equity Shareholders (₹ in crores)	(150.26)	(225.18)
Weighted average Number of shares for Basic EPS (Numbers)	22,530,025	22,530,025
Weighted average Number of shares for Diluted EPS (Numbers)	22,530,025	22,530,025
Face Value of each Equity Share (in ₹)	10.00	10.00
Basic & Diluted earning per Share (in ₹)	(66.69)	(99.95)

**34 Contingent Liabilities**

Contingent Liabilities are not provided for and are as below :

Particulars	2018-19	2017-18
1 Outstanding Letter of Credits / Bank Guarantee	76.46	100.75
2 Dispute with Suppliers	4.61	4.66
3 Late payment and over limit charges on credit card dues	5.89	5.89

**35 Segment Reporting**

The Group operates in a single reportable segment i.e. Construction Activity, which have similar risks and returns for the purpose of Ind AS 108 on 'Operating segments'.

The Group operates in a single geographical segment i.e. domestic.

**36 CSR Expenditure**

Corporate Social Responsibility (CSR) - In view of losses incurred, expenditure on CSR is not applicable for current financial year. In Previous year, expenditure on CSR was not applicable in view of losses.

**37 Related Party Disclosures**

Disclosure as required by the Indian Accounting Standard (Ind AS) 24 " Related Party Disclosures " are given below :

**List of Related Parties with whom transactions have taken place**

Relationship	Name of Related Parties
<b>Associate Companies</b>	Valecha Reality Ltd. Bhubaneshwar Express Ways Pvt. Ltd. (Up to 31-12-2018) Aryavrat Tollways Pvt. Ltd.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

**Enterprises where KMPs have significant influence**

Gopaldas Vasudev Construction Pvt. Ltd.  
 Valecha Power Ltd.  
 Valecha Gulf Contracting & Foundations LLC ( Up to 31-07-2019)  
 Juhu Beach real Estate Pvt Ltd (Up to 31-07-2019)  
 Valecha Investment Private Limited

**Joint Ventures**

Valecha - ECCI (JV)  
 Valecha - SGCCL (JV)  
 Valecha - Transtonnelstroy (JV)  
 Valecha - VKJ (JV)  
 Valecha - SDPL (JV)  
 Bitcon-VUBEPL-GCC-Valecha (JV)  
 Valecha Shraddha (JV)  
 Valecha Atcon (JV)  
 Valecha - Matere (JV)

**Key Management Personnel (KMP)**

Chairman	Arvind Thakkar
Vice-Chairman-cum Managing Director (Upto 10-03-2019)	Jagdish K. Valecha
Vice-Chairman and Director (w.e.f. 11-03-2019)	
Whole Time Director (Up to 31-07-2018)	Dinesh H. Valecha
Excutive Director (w.e.f. 26-06-2017 to 26-06-2018)	Tarun Dutta
Independent Director	Ketan Gandhi
Non-Executive Director	Sonal Jitiya
Company Secretary & Legal	Vijay Kumar H. Modi
Chief Financial Officer	Anil S. Korpe

**Relatives of Key Management Personnel**

Karan Jagdish Valecha  
 Kapil Jagdish Valecha (Up to 31-03-2018)

Note: Related party relationship is as identified by the Group and relied upon by the Auditor.

**38 Details of Transactions with Related Parties**

<b>i. Transactions with Associate Companies / Enterprises over which KMPs having significant influence</b>			
	<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
a.	Deposit / Loans / Repayment received during the year	<b>4.02</b>	0.13
b.	Deposit / Loans given / Repaid during the year	<b>1.11</b>	1.26
c.	Interest Received	-	-
d.	Interest Paid	-	-
e.	Outstanding Balance - Amount Payable	<b>27.08</b>	28.19
	<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
f.	Outstanding Balance - Amount Receivable	<b>3.56</b>	12.59
g.	Sale of Investment	<b>26.88</b>	-
<b>ii. Transactions with Joint Ventures</b>			
a.	Sales	<b>33.54</b>	12.60
b.	Advance received during the year	-	-
c.	Advance repaid during the year	-	-
d.	Outstanding Balance - Amount Receivables	<b>45.95</b>	45.64
e.	Outstanding Balance - Amount Payables	-	-



**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019**

(₹ in Crores)

Particulars	2018-19	2017-18
<b>iii. Transactions with Key Management Personnel (KMP)</b>		
Remuneration paid during the year	1.43	2.68
Sitting Fees	0.02	0.02
<b>iv. Transactions with relatives of Key Management Personnel (KMP)</b>		
Remuneration paid during the year	0.25	0.45

**39 The List of subsidiary companies and associate company included in the Consolidated Financial Statements are as under**

No.	Particulars	Country of incorporation	Proportion of ownership interest & voting power as at	
			31-Mar-19	31-Mar-18
<b>Subsidiary Company</b>				
1	Valecha Infrastructure Limited	India	100%	100%
2	Valecha International (FZE)	UAE	100%	100%
3	Professional Realtors Private Limited	India	100%	100%
4	Valecha LM Toll Private Limited	India	74%	74%
5	Valecha Badwani Sendhawa Tollways Limited	India	74%	74%
6	Valecha Kachchh Toll Roads Limited	India	58%	58%
<b>Associate Company</b>				
1	Valecha Reality Ltd.	India	49.90%	49.90%

Note: The Holding Company did not consolidate one of its Associate Company "Aryavrat Tollways Private Limited" due to non availability of financial statements of the Associate Company.

The Holding company has formed nine joint ventures (JV) with various parties. The Company do not have any interest in the profit /loss, Assets and Liabilities of such JV thus the requirement of consolidation do not arise. Company's revenue from projects under such JV are duly recognised in the Standalone & Consolidated Financial Statements.

**Disclosure required by schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186(4) of the Companies Act, 2013**

Loans Given to Associate Companies / Enterprises over which KMPs having significant influence	2018-19		2017-18	
	As at year end	Maximum balance during year	As at year end	Maximum balance during year
Valecha Investment Pvt. Ltd.	3.28	7.28	7.28	7.28
Valecha Gulf Contracting & Foundation L.L.C.	-	-	0.94	0.94
Valecha Power Ltd.	0.00	0.02	0.02	0.02
Valecha Reality Ltd.	0.28	0.28	0.28	0.28
Juhu Beach real Estate Pvt Ltd	-	-	4.08	4.08
<b>Total</b>	<b>3.56</b>	<b>7.57</b>	<b>12.58</b>	<b>12.58</b>

**40 Employee Benefits**

As per IND AS 19 "Employee Benefits", the disclosures of Employee benefits as defined in the said Accounting Standards are given below :

**A. Defined Contribution Plan**

Contribution to Defined Contribution Plan includes Providend Fund. The expenses recognised for the year are as under :

Particulars	2018-19	2017-18
Employer's Contribution to Providend Fund	0.24	0.44
Employer's Contribution to Employee's state Insurance	0.01	0.01
Employer's Contribution to Pension Fund	0.13	0.36

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

**B. Defined Benefit Plan****Gratuity:**

In accordance with the payment of Gratuity Act 1972 the Group provides for gratuity covering eligible employees. The liability on account of gratuity is covered partially through a recognized Gratuity Fund managed by Life Insurance Corporation of India (LIC) and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end.

**Major category of plan assets**

The group has taken plans from Life Insurance Corporation of India

The following tables set out the funded status of the gratuity plans and the amounts recognised in the consolidated financial statements as at 31 March 2019 and 31 March 2018.

	Particulars	2018-19	2017-18
<b>i</b>	<b>Changes in present value of obligations</b>		
	Present value of obligations as at the beginning of year	1.61	0.58
	Interest cost	0.13	0.05
	Current Service Cost	0.06	0.07
	Past Service Cost	-	0.12
	Benefits Paid	(0.33)	(0.33)
	Actuarial gain on obligations	(0.15)	1.12
	Present value of obligations as at the end of year	1.32	1.61
<b>ii</b>	<b>Changes in the fair value of plan assets</b>		
	Fair value of plan assets at the beginning of year	0.34	0.51
	Expected return on plan assets	0.03	0.04
	Contributions	0.08	0.12
	Benefits paid	(0.33)	(0.33)
	Actuarial gain on Plan assets	0.00	(0.00)
	Fair value of plan assets at the end of year	0.13	0.34
<b>iii</b>	<b>Change in the present value of the defined benefit obligation and fair value of plan assets</b>		
	Present value of obligations as at the end of the year	(1.32)	(1.61)
	Fair value of plan assets as at the end of the year	0.13	0.34
	Net (liability) / asset recognized in balance sheet	(1.19)	(1.27)

**Amount recognised in the statement of profit and loss under employee benefit expenses.**

	Particulars	2018-19	2017-18
	<b>Expenses Recognised in statement of Profit &amp; Loss</b>		
	Current Service cost	0.06	0.07
	Interest Cost	0.10	0.01
	Expected return on plan assets	-	0.12
	Net Actuarial gain recognised in the year	-	-
	Expenses recognised in statement of Profit & Loss Account	0.16	0.20

**Amount recognised in the statement of other comprehensive income (OCI).**

	Particulars	2018-19	2017-18
	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial (gain)/losses on obligation for the year	(0.15)	1.12
	Return on Plan Asset, excluding Interest Income	(0.00)	0.00
	Change in Asset ceiling	-	-
	Net (Income)/Expense for the period recognized in OCI	(0.15)	1.13

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019**

(₹ in Crores)

**Principal actuarial assumptions at the Balance Sheet date**

Particulars	2018-19	2017-18
Expected Return on Plan Assets	7.76%	7.78%
Rate of discounting	7.76%	7.78%
Rate of Salary Increase	6.00%	6.00%
Rate of employee turnover	3.00%	3.00%
Mortality Rate during employment	Indian Assure Lives Mortality (2006-08)	Indian Assure Lives Mortality (2006-08)
Mortality Rate after employment	N.A.	N.A.

**41 Deferred taxes not recognised**

In absence of reasonable certainty, the Group has not recognised Deferred Tax Assets to the extent mentioned below in the table.

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Assets in relation to :		
Carried Forward Losses	25.94	36.86
Property, plant and equipment/Investment Property/Other Intangible Assets	0.11	(1.04)
<b>Total</b>	<b>26.05</b>	<b>35.82</b>

**42 Capital management**

**Risk Management**

The objectives when managing capital are to safeguard the ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The management sets the amounts of capital required in proportion to risk. The Group manages its capital structure and adjusts it in light of changes in economic conditions and risk characteristics of the underlying assets.

The Group monitors capital using a gearing ratio being a ratio of net debt as a percentage of total capital.

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowing	1,608.35	1,451.86
Total equity	(621.39)	(472.38)
<b>Total Capital (Borrowing and Equity)</b>	<b>986.96</b>	<b>979.48</b>
Gearing Ratio	(2.59)	(3.07)

(i) Borrowings represents total borrowings (non-current & current).

(ii) Equity comprises of all components including other comprehensive income.

During the year, the Group's strategy was to monitor and manage the use of funds whilst developing business strategies.

The Group is not subject to any externally imposed capital requirements.

**43 Financial Risk Management**

A wide range of risks may affect the Group's business and financial results. Amongst other risks that could have significant influence on the Group are market risk, credit risk and liquidity risk.

The Board of Directors of the Group manage and review the affairs of the Group by setting up short term and long-term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.

**43.1 Market risk**

The Group is primarily exposed to the following market risks.

**43.1.1 Foreign Currency risk management -** The Group does not have any foreign currency risk.

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019**

(₹ in Crores)

**43.1.2 Interest rate risk management**

Out of total borrowings, large portion represents current borrowings and all the borrowings are with fixed interest rate. And accordingly the Group is not exposed to interest rate risk. However, the Group continuously monitoring over all factors influence rating and also factors which influential the determination of the interest rates by the banks to minimize the interest rate risks.

**43.1.3 Price Risk**

The Holding Company is constantly exposed to market inflation risk. The price of direct cost and overhead projected before execution of project are sustainably increased till the completion of project. However the Holding Company is eligible to claim price escalation amount from the client as per the terms and condition mentioned in tender document which varies for tender to tender.

**43.2 Credit management**

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from clients and cash. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The Group has a low credit risk in respect of its trade receivables, its major customers being autonomous agencies of Government and Public Sector Undertakings. However, as Group grows its customer base, it will experience an increased credit risk environment. The Group is also exposed to credit risk in respect of its cash and seeks to minimise this risk by holding funds on deposit with major financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 580.29 crores ( ₹ 549.94 crores for March 31, 2018), being the total of the carrying amount of the balances with banks, bank deposits, investments (excluding equity investments), trade receivables, loans given and other financial assets.

**43.3 Liquidity risk management**

Liquidity risk refers to the risk that the Group may not be able to meet its financial obligations timely.

Management monitors rolling forecasts of the Group's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

The table below analyses the maturity profile of the Group's financial liabilities. The following break up is based on the remaining period at the balance sheet date to the contractual maturity date. The liquidity continues to remain under stress. The Group is going through a very tight liquidity situation resulting in sub-optimal level of operations thereby impacting profitability. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	2018-19			2017-18		
	Less than 1 year	Between 1 and 5 years	Total	Less than 1 year	Between 1 and 5 years	Total
a. Borrowings	370.80	383.81	<b>754.61</b>	291.42	622.85	<b>914.27</b>
b. Trade Payables	105.25	-	<b>105.25</b>	157.01	-	<b>157.01</b>
c. Other Financial Liabilities	854.00	51.65	<b>905.65</b>	537.80	78.23	<b>616.03</b>
<b>Total</b>	<b>1,330.05</b>	<b>435.47</b>	<b>1,765.51</b>	<b>986.23</b>	<b>701.08</b>	<b>1,687.32</b>

**43.4 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"****43.4.1 Category-wise classification for applicable financial assets:**

Particulars	Note	As at 31-Mar-19	As at 31-Mar-18
<b>Measured at fair value through Other Comprehensive Income (FVTOCI)</b>			
Investment in equity shares	4	0.08	0.07
<b>Measured at amortised cost:</b>			
Security Deposits - Non Current	5	32.16	24.46
Security Deposits - Current	9	75.46	85.48
Loans	12	218.71	176.43
Trade receivables	9	226.20	241.89
<b>Total</b>		<b>552.61</b>	<b>528.33</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

(₹ in Crores)

## 43.4.2 Category-wise classification for applicable financial liabilities:

Particulars	Note	As at 31-Mar-19	As at 31-Mar-18
<b>Measured at amortised cost:</b>			
Borrowings - Non current	17	383.81	622.85
Borrowings - Current (Short Term)	21	370.80	291.42
Borrowings - Current maturities of long term borrowings & fixed deposits	23	853.74	537.59
Trade payables	22	68.38	120.61
Retention money from Sub-contractors	22	36.88	36.41
<b>Measured at fair value through Other Comprehensive Income (FVTOCI)</b>			
		-	-
<b>Total</b>		<b>1,713.61</b>	<b>1,608.88</b>

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 44 Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended 31-3-2019:

No.	Name of the Company	Net Assets		Share in Profit/(Loss)		Share in OCI		Share in total comprehensive income	
		As % of consol	Amt.	As % of consol	Amt.	As % of consol	Amt.	As % of consol	Amt.
<b>Parent</b>									
1	Valecha Engineering Limited	-5.1%	31.63	-1.1%	1.15	100.0%	1.25	-2.4%	2.40
<b>Subsidiaries</b>									
2	Valecha Infrastructure Limited	20.3%	(126.36)	8.2%	(8.42)	0.0%	-	8.3%	(8.42)
3	Valecha International (FZE)	0.0%	0.28	0.0%	-	0.0%	-	0.0%	-
4	Professional Realtors Pvt. Ltd.	0.0%	(0.07)	0.0%	(0.00)	0.0%	-	0.0%	(0.00)
5	Valecha LM Toll Pvt. Ltd.	10.7%	(66.41)	22.0%	(22.55)	0.0%	-	22.3%	(22.55)
6	Valecha Badwani Sendhawa Tollways Limited	0.3%	(1.90)	3.1%	(3.13)	0.0%	-	3.1%	(3.13)
7	Valecha Kachchh Toll Roads Limited	49.6%	(308.19)	96.2%	(98.35)	0.0%	-	97.4%	(98.35)
<b>Associate</b>									
8	Valecha Reality Limited			0.003%	(0.003)			0.003%	(0.003)
<b>Total</b>		<b>75.8%</b>	<b>(471.02)</b>	<b>128.4%</b>	<b>(131.30)</b>	<b>100.0%</b>	<b>1.25</b>	<b>128.7%</b>	<b>(130.05)</b>
CFS Adjustment and elimination									
		-0.9%	5.86	18.5%	(18.96)	0.0%	-	18.8%	(18.96)
Minority									
		25.1%	(156.23)	-46.9%	47.98		-	-47.5%	47.98
<b>Total</b>		<b>100.0%</b>	<b>(621.39)</b>	<b>100.0%</b>	<b>(102.28)</b>	<b>100.0%</b>	<b>1.25</b>	<b>147.5%</b>	<b>(101.02)</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

- 45 The Holding Company's borrowing facilities with various banks/financial institutions and NBFC's have continued to remain under NPA classification. During the current financial year the Holding Company has not provided for regular interest on its various such borrowings as it expects relief of atleast an equivalent amount in view of the ongoing settlement proposals with the lenders being pursued by the Management. The treatment of the above adjustment in the financial results however does not affect the lenders right to recover such regular interest and consequently the Company's liability to pay such interests.
- As stated above, since the Holding Company expects certain reliefs, it has not provided for any penal interest, amount of which is presently not ascertainable, which may arise for default in repayment of borrowings.
- Further, due to the non-availability of surplus profit and cash flow for last couple of years, the Holding Company has also not provided for interest amounting to ₹ 3.57 crores on late payment of Tax deducted at Source.
- 46 Due to non-availability of surplus profit and cash flow for last few years, the Holding Company has not repaid deposits (including unpaid interest provided upto March 2017 of ₹ 2.58 crores) amounting to ₹ 30.74 crores as at March 31, 2019 as per the contractual terms and repayment schedule / order passed by the Company Law Board - New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO.05(MB) 2016). The Holding Company has not provided for regular interest on such deposits for the F.Y. 2017-18 and F.Y.2018-19 as per the terms of issuance and acceptance of deposits. The Holding Company has also not provided penal interest and fine as applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014. NCLT Mumbai, vide order dated 03.04.2019 and 11.06.2019 has directed and advised the Holding Company to release the fund to concerned Fixed Deposit Holders on receipt of fund from Canara Bank and on receipt of the refund from Income Tax Department. Accordingly, the matter stands subjudiced pending the receipt of the fund from Canara Bank and on receipt of the refund from Income Tax Department.
- 47 The Holding Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes ₹ 160.30 crores pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities. The Holding Company has booked their claims on conservative basis and management believe that they have strong case for each of the claims lodged against the client. Hence, the Board of Holding Company has decided not to account for expected credit losses. The Holding Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates of the Company) amounting to ₹ 3.56 crores and to others amounting to ₹ 157.32 crores as at March 31, 2019 as it expects to recover the same in the time to come and hence has not made any provision for the same.
- 48 The Holding Company has during the year transferred its title in Investment in Equity Shares of Bhubaneshwar Express Ways Private Limited ("BEWPL") to KSS Petron Private Limited (earlier known as "Kazstroy Services Infrastructure (India) Private Limited") ("KSSPPL") in accordance with the terms of Option Agreement entered into between the Holding Company and KSSPPL. In terms of such MOU, KSSPPL had granted a loan of ₹ 26.88 crores and the Holding Company was to invest such amount in Equity shares of BEWPL. KSSPPL retained the right to call notice for such investments made by the Holding Company in equity shares of BEWPL against the loan granted by KSSPPL to the Company. The Holding Company had granted an irrevocable right to KSSPPL to purchase such investments from the Holding Company upon the completion of two years from the Commercial Operation Date of the Project or upon the termination of the Concession Agreement, whichever is earlier by exercising its right to call notice. KSSPPL has during the year exercised its right to such call notice for purchase of investments. The Holding Company has accordingly transferred title to such investments to KSSPPL and has offset the Loan account of KSSPPL with the Cost of Investments in BEWPL. Considering the reciprocal arrangement of loan and investment of like amount, the management has taken a judicial decision to square off the transaction with all intent and purpose in terms of option agreement executed between the parties.
- 49 The Holding Company has seventeen project sites which have either been de-mobilized or completed or otherwise shut / non-operational. The Holding Company could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the year. Movement in accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office Division. Such Project sites comprises total assets of ₹ 112.29 crores and total liabilities of ₹73.54 crores as at the year end. However, Management do not foresee any material impacts on the financial statements.
- 50 The Holding Company had paid / provided managerial remuneration of ₹ 1.10 Crores and ₹ 1.98 Crores in current year and previous year, respectively. On 29/9/2018, the shareholders accorded their approval for the waiver of recovery of managerial remuneration in respect of three Directors. The Holding Company is taking necessary actions and steps for approval from Secured Lenders pursuant to the Notification dated 12/09/2018 issued by Ministry of Corporate Affairs on the subject. The Holding Company is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration in terms of the special resolution passed by the members in their Annual General Meeting.
- 51 Valecha LM Toll Private Limited (VLMTPL), a step down subsidiary of the Company and subsidiary of Valecha Infrastructure Limited (VIL) has been admitted to National Company Law Tribunal (NCLT) on 29.03.2019 in view of the insolvency petition filed by Axis Bank Limited under section 7 of the Insolvency and Bankruptcy Code, 2016 and consequently Interim Resolution Professional (IRP) was appointed by the NCLT. VIL has not impaired its Non-Current Investments of ₹ 37.31 Crores in the equity shares of VLMTPL and has consolidated the unaudited accounts of VLMTPL on the basis of management certified accounts basis in view of the events explained above. Accordingly, any resultant impact which may arise as a result of such impairment and consequential impact on the impairment of Company's investment in VIL as a result of the events explained above has not been computed. The Company has also provided Corporate guarantees amounting to ₹ 230.58 crores to the lenders of VLMTPL.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2019

- 52 The Holding Company has Other Current Assets receivable as at March 31, 2019 includes ₹ 34.42 crores towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of such amounts.
- 53 Valecha Realty Limited (VRL) has given a loan amounting to ₹ 6.52 crores to M/s SVK Arcade LLP which is receivable in the Books of Accounts. No money has been received by VRL so far and no provision has been made for the same as the Holding Company is making efforts to recover the loans and is making efforts to monetise all loans and advances in an effort to restructure the Group's debt and cash flows. VRL has received loans from Valecha Engineering Ltd and Valecha Infrastructure Ltd to the tune of ₹ 0.28 Crores and ₹6.51 crores respectively. VRL has not paid any interest on the same nor has it made any provisioning of the interest payable due to continuing losses in past couple of years in VRL. The same shall be provided only in case of any improvement in cash flows / profitability.
- 54 The Valecha Kachchh Toll Roads Limited (VKTRL) continues to prepare its Financial Statements on going concern basis even though it has continued to incur significant losses during the current year and previous year and had continued defaulted in repayment of its financial obligation including interest and the construction is going at very slow pace for balance, which has resulted into increase in cost of project mainly due to interest during construction period. However, as advised, the project had been halted due to non-availability of land and environment issues and on 13.05.2015 the Company(VKTRL) has received PCOD (provisional commercial operation date) of for section 1 for which revenue is being generated. PCOD for Section 2 is likely to be completed by December, 2019. The company(VKTRL) has also put a claim of ₹ 866.25 Crores on GSRDC during the year and is hopeful for getting the same. Accordingly the accounts have been prepared on going concern basis. The Lenders of the Company(VKTRL) has appointed a forensic auditor to verify the matters with regard to the Company(VKTRL). However, it was explained that the scope of audit and report including draft report has not been shared with the Company(VKTRL)
- 55 The Parent Company has entered into tripartite agreement's to assign one of its loan to the Borrower Company amounting to ₹ 23.29 crores to its various creditors. Accordingly, the Parent Company has offset the amounts payable to such creditors with its Loan receivable.
- 56 The accumulated losses incurred in the past years have resulted in erosion of Group's peak Net worth. However, the management is of the opinion that subject to approval of OTS / Restructuring plan by banks, cost reduction measures and participating in new business finance/ JV business, the Company will be able to earn profit over next few years and may be in position to repay restructured loans and pay statutory dues. Hence, the financial statements are prepared assuming that it will continue as going concern.
- 57 The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities of the Holding Company are subject to confirmations, reconciliations and adjustments. During the year Holding Company had already sent the account balance confirmation letters/Mails to their Banks, Loans & Advances given and Trade Receivables which are pending to be received. However, the Holding Company do not foresee any material impacts on the financial statement of the company except as otherwise stated.
- 58 The previous period's figures have been re-grouped/ re-classified wherever required to conform to current period's classification. All figures of financials has been rounded off to nearest Crores rupees.

In term of our Report attached  
**For Bagaria & Co. LLP**  
 Chartered Accountants  
 FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Jagdish K.Valecha**  
 Vice-Chairman and Director  
 DIN : 00013070

**Tarun Dutta**  
 Chief Executive Officer

**Vinay Somani**  
 Partner  
 Membership No. 143503

**Ketan H. Gandhi**  
 Director  
 DIN : 00650579

**Sonal V. Jitiya**  
 Director  
 DIN : 00668047

**Lalna B. Takekar**  
 Director  
 DIN : 08111805

Place : Mumbai.  
 Date : 30th July 2019

**Anil S. Korpe**  
 Chief Financial Officer

**Vijay Kumar H. Modi**  
 Company Secretary & Legal







# VALECHA ENGINEERING LIMITED

CIN: L74210MH1977PLC019535

Reg. Office: Valecha Chambers, 4<sup>th</sup> Floor, Plot No. B-6, Andheri New Link Road, Andheri (West), Mumbai 400 053

Tel: 022 4263 3200 E-mail: investor.relations@valecha.in Website: www.valechaeng.com

## ATTENDANCE SLIP 42nd Annual General Meeting

I hereby record my/our presence at the **42nd Annual General Meeting** of the Company being held on Monday, 30th September, 2019 at 10:30 a.m. at **Babasaheb Dahanukar Sabhagriha**, Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai - 400 001, India.

Folio/DP ID & Client ID			
Name and Address of the Member		Signature	
Name of the Proxy Holder		Signature	

----- cut here -----

- Only Member/Proxy Holder can attend the Meeting
- Member/Proxy Holder should bring his/her copy of the Annual Report for reference at the Meeting

## PROXY FORM / FORM MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Members			
Registered Address			
Email ID:			
Folio No/ DP ID-Client ID			

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

- Name: ..... Address: .....  
Email ID: ..... Signature: ..... or failing him
- Name: ..... Address: .....  
Email ID: ..... Signature: ..... or failing him
- Name: ..... Address: .....  
Email ID: ..... Signature: ..... or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company, to be held on Monday, 30th September, 2019 at 10:30 a.m. **Babasaheb Dahanukar Sabhagriha**, Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai - 400 001, India and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my above Proxy to vote in the manner as indicated in the box below:

Sr. No.	Particulars	For	Against
1	Consider and Adopt:		
	a. Audited Financial Statements as on 31.03.2019, Reports of the Board of Directors and Auditors thereon.		
	b. Audited Consolidated Financial Statements as on 31.03.2019 and Report of the Auditors thereon.		
2	To appoint a Director in place of Mr. Jagdish K. Valecha (DIN: 00013070) who retires by rotation and being eligible, offers himself for reappointment		
3	To appoint Auditors M/s Bagria & Co, LLP and fixing their remuneration for 5 years		
4	To consider the re-appointment of Mr. Arvindkumar M. Thakkar as an Independent Director		
5	To consider the appointment of Mrs. Lalna B. Takekar as an Independent Director		
6	To consider the ratification of payment of remuneration to the cost auditor		
7	To consider the payment of remuneration to Non-Executive directors		

Signed this ..... day of .....2019

Signature of Shareholder: .....

Signature of Proxy holder(s): .....

Affix  
Revenue  
Stamp

### Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the resolutions, explanatory statement and notes please refer to the notice of the 42nd Annual General Meeting.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of the members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights.
- A member holding more than 10% of the total share capital carrying voting rights may appoint a single person as Proxy and such person shall not act as proxy for any other member.
- In case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion to the vote of the other joint holders. Seniority shall be determined by the order in which the name stand in the register of members.





## VALECHA ENGINEERING LIMITED

CIN: L74210MH1977PLC019535

Reg. Office: Valecha Chambers, 4<sup>th</sup> Floor, Plot No. B-6, Andheri New Link Road, Andheri (West), Mumbai 400 053  
Tel: 022 4263 3200 E-mail: investor.relations@valecha.in Website: www.valechaeng.com

### BALLOT PAPER

[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

1. Name and Registered address of the sole/first named member:
2. Name(s) of the Joint holder (if any):
3. Registered Folio No./ DP ID No. and client ID No.:
4. Number of share(s) held:
5. EVEN (Electronic Voting Event Number) :
6. User ID:
7. Password:

I hereby exercise my/our vote(s) in respect of the Resolutions set out in the Notice of the 42nd Annual General Meeting of the Company to be held on Monday, 30th September, 2019, by sending my/our assent or dissent to the said resolution in the following manner:

Sr. No.	Particulars	For	Against
1	Consider and Adopt:		
	a. Audited Financial Statements as on 31.03.2019, Reports of the Board of Directors and Auditors thereon.		
	b. Audited Consolidated Financial Statements as on 31.03.2019 and Report of the Auditors thereon.		
2	To appoint a Director in place of Mr. Jagdish K. Valecha (DIN: 00013070) who retires by rotation and being eligible, offers himself for reappointment		
3	To appoint Auditors M/s Bagria & Co, LLP and fixing their remuneration for 5 years		
4	To consider the re-appointment of Mr. Arvindkumar M. Thakkar as an Independent Director		
5	To consider the appointment of Mrs. Lalna B. Takekar as an Independent Director		
6	To consider the ratification of payment of remuneration to the cost auditor		
7	To consider the payment of remuneration to Non-Executive directors		

\* Please put a tick mark (✓) in appropriate column against the resolution indicated above. In case of member/ proxy wishes his/ her vote to be used differently, he/she should indicate the number of shares under the columns 'For', 'Against'

Place:

Date:

Signature of Member

# VALECHA ENGINEERING LIMITED

CIN: L74210MH1977PLC019535

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Tel: 022 4263 3200 E-mail: investor.relations@valecha.in Website: www.valechaeng.com

## GENERAL INSTRUCTIONS:

1. This Ballot Paper is provided for the benefit of members who do not have access to e-voting facility, to enable them to send their assent or dissent by post.
2. A Member can opt for only one mode of voting i.e. either by e-voting or through Ballot. In case of Member(s) who cast their votes by both modes, then voting done through e-voting shall prevail and the Ballot Paper shall be treated as invalid.
3. For detailed instructions on e-voting, please refer the notes appended to the Notice of AGM.
4. Facility of voting through Ballot Paper shall also be made available at the venue of the AGM. Members attending the AGM, who have not cast their vote by remote e-voting or through Ballot Paper, shall be able to exercise their right at the AGM.
5. Members who have cast their vote by remote e-voting or through Ballot Paper prior to the AGM may also attend the AGM, but shall not be entitled to vote again at the AGM.

## PROCESS AND MANNER FOR MEMBERS OPTING TO VOTE BY USING BALLOT PAPER:

6. Please complete and sign the Ballot Paper (no other Paper or photo copy thereof is permitted) and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, M/s. Ragini Chokshi & Co., Practising Company Secretaries through self-addressed Business Reply envelope.
7. The Ballot Paper should be signed by the Member as per the specimen signature registered with the Company/ Depositories. In case of joint holding, the Ballot Paper should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of POA. Exercise of vote by Ballot is not permitted through proxy.
8. In case the shares are held by companies, financial institutions, trusts, bodies corporate, societies, etc; the duly completed Ballot Paper should be accompanied by a certified true copy of the relevant Board Resolution/Authorization letter.
9. Votes should be cast in case of each resolution, either in favour or against by putting the tick (v) mark in the column provided in the Ballot. Members may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed the Member's total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" in case of any resolution, it will be treated as "ABSTAIN" for that resolution and the shares held will not be counted under either head.
10. The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on 23<sup>rd</sup> September, 2019 ("Cut-Off Date"). A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, voting through Ballot Paper, or voting at the venue of the meeting through ballot.
11. Any person, who acquires shares of the Company and becomes a shareholder of the Company after dispatch of the Notice of AGM and holds shares as of the Cut Off date i.e. 23<sup>rd</sup> September, 2019, may request the Company / Registrar and Transfer Agent and obtain Ballot Paper to cast the vote or can download the same from the website of the Company at [www.valechaeng.com](http://www.valechaeng.com)
12. Duly completed Ballot Paper should reach the Scrutinizer not later than the close of working hours (5.00 p.m.) on Sunday, 29<sup>th</sup> September, 2019. Ballot Paper(s) received after this time and date will be strictly treated as if the reply from the members has not been received.
13. A Member may request for a duplicate Ballot Paper, if so required. However, duly filed in and signed duplicate Ballot Paper should reach the Scrutinizer not later than the date and time specified in serial no. 12 above.
14. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Paper(s) will be rejected. Ballot Paper may be rejected if it is torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.
15. The decision of Scrutinizer on the validity of the Ballot Paper and any other related matter shall be final.
16. The results of the voting shall be declared not later than 48 hours from the conclusion of the Annual General Meeting of the Company. The Chairman or any other person authorized by the Chairman shall declare the result of voting forthwith.

The Results along with the Scrutinizers Report shall be placed on the Company's' website [www.valechaeng.com](http://www.valechaeng.com) and on the website of NSDL immediately after the results are declared by the Chairman or any other person authorized by the Chairman, and the same shall be communicated to BSE Limited and National Stock Exchange Limited



If undelivered, please return to:

**VALECHA ENGINEERING LIMITED**

**Registered Office:**

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