

Ref: VEL/19-20/044

30th July, 2019

BSE LIMITED P. J. TOWERS, DALAL STREET, MUMBAI - 400 001	NATIONAL STOCK EXCHANGE OF INDIA LIMITED Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
SCRIP CODE :532389	VALECHAENG

Dear Sir,

Sub: Outcome of Adjourned Board Meeting held on 30th July, 2019

Ref: Our letter VEL/19-20/023 dated 07th May, 2019
Our letter VEL/19-20/034 dated 17th July, 2019
Our letter VEL/19-20/043 dated 29th July, 2019

The Board Meeting for the unfinished agenda commenced at 03:00 p.m.

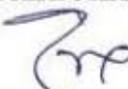
1. Mr. Tarun Dutta, presently Sr. President Projects has been elevated to the position of Chief Executive Officer (CEO) w.e.f. **30.07.2019**
2. Pursuant to Regulation 30 and 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we would like to inform you that the Board of Directors of the Company at their adjourned meeting held on **30th July, 2019** and have inter alia considered, approved/taken on record the following:
 - a. The Audited Consolidated and Standalone Financial Results of the Company for the Fourth Quarter and year ended **31st March, 2019**.
 - b. Independent Auditors Report on the Consolidated and Standalone Financial Results of the Company for the Fourth Quarter and year ended **31st March, 2019**.
3. In terms SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016 attached is the Statement on impact of Audit Qualification (for Audit Report with modified opinion) on the said Financial Statements.

The Board meeting concluded at 06:45 p.m.

Kindly take note of the same.

Thanking you,

Yours faithfully,
For VALECHA ENGINEERING LIMITED



(JAGDISH K. VALECHA)
Vice Chairman & Director

Auditor's Report On Quarter and Year ended Standalone Financial Results of Valecha Engineering Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Board of Directors of Valecha Engineering Limited

We have audited the accompanying Statement containing the standalone financial results of **Valecha Engineering Limited** ("the Company") for the quarter and year ended 31st March, 2019 together with the notes thereon (hereinafter referred to as "the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Management's Responsibility for the Standalone Financial Results

Management is responsible for preparation of the accompanying statement. The management is also responsible for the preparation of the Annual Statutory Standalone Financial Statements in accordance with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (the "Accounting Principles Generally Accepted in India"), Basis which the above statement containing the Annual Audited Standalone Financial Results has been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial results based on our audit of such standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

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

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 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 also further recognized such Guarantee Fees / Commissions during the period April 1, 2018 to December 31, 2018 aggregating to Rs. 10.18 crores which is being subsequently reversed in current



quarter in view of the already weak financial position of such subsidiaries and step down subsidiaries. No reversals/impairment has 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 net results of the year.

Attention is invited to Note No. 15 to the Statement 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 overall net results, 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 net results for the year, if any.

- b) We draw attention to Note No. 5 to the Statement, where the Company has reversed regular interest of Rs. 59.78 crores on its various borrowing facilities for the first three quarters and has not provided for any regular interest for the current quarter of Rs. 20.59 crores 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.

Had such regular interest not been reversed, current quarter provision for regular interest been made and interest provision on late payment of Tax deducted at Source been made, the Company's net loss for the year would have been Rs. 81.53 crores. In absence of detailed computation of penal interest, we are unable to comment on its resultant impact on the net results for the year.

- c) We draw attention to Note No. 7 to the Statement 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. 8 to the Statement 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 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. 9 to the Statement, 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 net results of the year.

- f) We draw attention to Note No. 10 to the Statement, 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 the net results of the year.

- g) We draw attention to Note No. 11 to the Statement, 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 net results for the quarter and year ended, assets and liabilities as at year end of the Company, had the said units been reviewed 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 results for the quarter and year ended, accumulated losses, assets and liabilities as at the quarter and year end, 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 net results for the quarter and year ended, accumulated net results, liabilities as at the quarter and 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 matters described in Basis for Qualified Opinion section above of our report these quarterly financial results as well as the year to date standalone financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view of the net results and other financial information for the quarter and year ended 31 March, 2019.



Material Uncertainty Related to Going Concern:

We draw attention to Note No. 3 & Note No. 5 to the Statement 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 3 & Note No. 5, 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 the said Note.

Emphasis of matters:

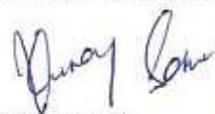
- a) We draw attention to Note No. 12 to the Statement, where the Company has stated that Other Current Assets as at March 31, 2019 includes Rs 34.42 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recovery.
- 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. 13 to the Statement 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.
- d) We draw attention to Note no. 14 to the Statement where the Company has during the quarter reversed provisions towards expenses aggregating to Rs.4.21 crores which in the opinion of the management are no longer required. Such reversals pertain to excess provisions towards expenses of Rs. 3.33 crores & Rs. 0.89 crores already provided for in the financial results for the quarter ended June 30, 2018 and September 30, 2018.

Our opinion is not modified in respect of this matter.

Other Matter:

- a) The Statement includes the results for the Quarter ended 31st March, 2019 and corresponding quarter ended of the previous year being the balancing figure between audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current and previous financial year which were subject to limited review by the predecessor auditor.
- b) Opening balances have been considered based on the audited financial statements issued by the predecessor auditor whose qualified audit report dated 19th July, 2018 have been furnished to us.
- c) Our report is not modified in respect of this matter.

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



Vinay Somani

Partner

Membership No. 143503

UDIN: 19143503AAAAFN5914



Place: Mumbai

Date: 30th July, 2019

Auditor's Report On year to date Consolidated Financial Results of Valecha Engineering Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Board of Directors of Valecha Engineering Limited

We have audited the accompanying Statement containing the annual consolidated financial results of Valecha Engineering Limited (Holding Company), its six Subsidiaries (including two step down subsidiaries), one associate (the Holding Company, its subsidiaries and its associate together referred to as "The Group") for the year ended 31st March, 2019 together with the notes thereon (hereinafter referred to as "the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Management's responsibility for the consolidated financial results

Management of the Holding Company is responsible for preparation of the accompanying Statement. The Management is also responsible for the preparation of the annual statutory consolidated financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the "accounting principles generally accepted in India") basis which the above Statement containing the annual audited consolidated financial results have been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated financial statements. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit and the audit conducted by other auditors in terms of their reports referred to in "Other Matters" below provides a reasonable basis for our audit opinion on the Statement.

Basis for qualified opinion

- a) We draw attention to Note No. 15 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 net results 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



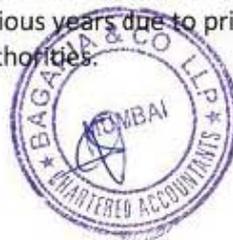
and financial statements, we are unable to comment upon the need for impairment provisions, which may be required and the resultant impact on the net results for the year, if any.

- b) We draw attention to Note No. 5 to the Statement, where the Holding Company has reversed regular interest of Rs. 59.78 crores on its various borrowing facilities for the first three quarters and has not provided for any regular interest for the current quarter of Rs. 20.59 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.

Had such regular interest not been reversed, current quarter provision for regular interest been made and interest provision on late payment of Tax deducted at Source been made, the Holding Company's net loss for the year would have been Rs. 232.96 crores. In absence of detailed computation of penal interest, we are unable to comment on its resultant impact on the net results for the year.

- c) We draw attention to Note No. 7 to the Statement where the Holding Company has assigned its loan amounting to Rs. 23.29 crores to its various creditors. Accordingly, the Holding 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. 8 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.
- e) We draw attention to Note No. 9 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 net results of the year.
- f) We draw attention to Note No. 10 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 net results of the year.

- g) We draw attention to Note No. 11 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 net results for the quarter and year ended, assets and liabilities as at the year end of the Holding Company, had the said units been reviewed by us.
- h) 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 net results for the quarter and year ended, accumulated losses, assets and liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.
- i) 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 net results for the quarter and year ended, accumulated net results, liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.
- j) We draw attention to Note No 16(a) 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.
- k) We draw attention to Note no 16(b) to the Statement in respect of Valecha Kachhh 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 subject to the possible effects of the matters described in Basis for Qualified Opinion paragraph above and read with Emphasis of matters described below and based on the consideration of the report of other auditors on separate financial statements for subsidiaries and management certified consolidated financial statements of one subsidiary, these consolidated financial results:

- i. include the results of the subsidiaries (including step down subsidiaries) as given in Annexure A.
- ii. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- iii. give a true and fair view of the net loss (including other comprehensive income) and other financial information for the consolidated results for the year ended 31st March, 2019.

Material Uncertainty Related to Going Concern:

We draw attention to Note No. 3 & Note No. 5 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 3 & Note No. 5 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. 12 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. 14 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.
- c) We draw attention to Note no. 15 to the Statement where the Holding Company has during the quarter reversed provisions towards expenses aggregating to Rs.4.21 crores which in the opinion of the management are no longer required. Such reversals pertain to excess provisions towards expenses of Rs. 3.33 crores & Rs. 0.89 crores already provided for in the financial results for the quarter ended June 30, 2018 and September 30, 2018.

Our opinion is not modified in respect of this matter.

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 profit 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 19th 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.

For Bagaria and CO. LLP
Chartered Accountants
Firm Registration No. 113447W/W-100019



Vinay Somani
Partner
Membership No. 143503
UDIN: 19143503AAAAFO7904

Place: Mumbai
Date: 30th July, 2019

VALECHA ENGINEERING LIMITED



(An ISO 9001-2008 Company) CIN : L74210MH1977PLC019535
 Regd. Office : Valecha Chambers, 4th Floor, Andheri New Link Road, Andheri (West), Mumbai - 400 053.
 Email : ho@valecha.in Website : valechaeng.com

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2019 AND CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in Crores) Except EPS

Sr. No.	PARTICULARS	Standalone					Consolidated	
		For the quarter ended on			For the year ended on		For the year ended on	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	
1	Income							
	(a) Revenue from Operations	68.55	56.49	58.68	184.30	207.80	209.72	252.64
	(b) Other Income	2.36	4.08	49.63	17.23	67.69	17.67	54.10
	Total Income	70.91	60.57	108.31	201.53	275.49	227.39	306.74
2	Expenses							
	a. Construction Expenses	53.06	51.13	56.28	160.18	186.02	160.15	185.99
	b. (Increase) / Decrease in Stock	10.10	0.54	18.33	13.96	25.44	13.96	25.44
	c. Employees Benefits Expense	2.75	1.25	0.97	7.44	8.00	9.03	9.58
	d. Finance costs	(58.29)	20.94	18.73	1.28	67.16	126.15	172.25
	e. Depreciation and amortization Expenses	1.11	1.29	2.54	5.18	10.14	40.07	104.48
	f. Other Expenses	4.57	1.40	6.04	12.33	14.18	28.29	34.64
	Total Expenses	13.30	76.55	102.89	200.37	310.94	377.65	532.38
3	Profit / (Loss) before share of profit/(loss) of an associate/ a joint venture and Exceptional Items (1-2)	57.61	(15.98)	5.42	1.16	(35.45)	(150.26)	(225.64)
4	Share of profit/(loss) of an associate/ a joint venture	-	-	-	-	-	(0.003)	-
5	Profit / (Loss) before Exceptional Items and tax (3+4)	57.61	(15.98)	5.42	1.16	(35.45)	(150.26)	(225.64)
6	Exceptional Items	-	-	-	-	-	-	(0.03)
7	Profit / (Loss) before tax (5-6)	57.61	(15.98)	5.42	1.16	(35.45)	(150.26)	(225.61)
8	Tax Expense							
	(a) Current Tax (Including earlier year taxation)	-	-	1.66	-	1.66	-	1.66
	(b) Deferred tax	-	-	-	-	-	-	(2.09)
9	Profit / (Loss) for the Period (7-8)	57.61	(15.98)	3.76	1.16	(37.10)	(150.26)	(225.18)
10	Other Comprehensive Income (OCI)							
	(a) i. Items that will not be reclassified to profit or loss	2.29	(0.36)	(2.68)	1.25	(2.68)	1.25	(2.28)
	ii. Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-
	(b) i. Item that will be reclassified to profit or loss	-	-	-	-	-	-	-
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-
	Total Other Comprehensive Income	2.29	(0.36)	(2.68)	1.25	(2.68)	1.25	(2.28)
11	Total Comprehensive Income for the period (13+14)	59.90	(16.34)	1.09	2.41	(39.78)	(149.01)	(227.46)
12	Net Profit/(Loss) attributable to:							
	Shareholders of the Company	-	-	-	-	-	(102.29)	(154.86)
	Non-Controlling interest	-	-	-	-	-	(47.98)	(70.31)
13	Other Comprehensive Income attributable to:							
	Shareholders of the Company	-	-	-	-	-	1.25	(2.28)
	Non-Controlling interest	-	-	-	-	-	-	-
14	Total Comprehensive Income attributable to:							
	Shareholders of the Company	-	-	-	-	-	(101.04)	(157.13)
	Non-Controlling interest	-	-	-	-	-	(47.98)	(70.31)
15	Paid-up Equity Share Capital (Face Value ₹ 10/-)	22.53	22.53	22.53	22.53	22.53	22.53	22.53
16	Other Equity Excluding Revaluation Reserves	-	-	-	9.10	6.69	(643.92)	(494.91)
17	Earning Per Share (of ₹ 10/- each) (not annualised):							
	(i) Basic earnings (loss) per share	25.57	(7.09)	1.67	0.51	(16.47)	(66.69)	(99.95)
	(ii) Diluted earnings (loss) per share	25.57	(7.09)	1.67	0.51	(16.47)	(66.69)	(99.95)
	See accompanying note to the Financial Results							



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VALECHA ENGINEERING LIMITED



(An ISO 9001-2008 Company) CIN : L74210MH1977PLC019535

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

Email : ho@valecha.in Website : valechaeng.com

STANDALONE AND CONSOLIDATED BALANCE SHEET

(₹ in Crores)

Particulars	STANDALONE		CONSOLIDATED	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
	(Audited)		(Audited)	
ASSETS				
Non Current Assets				
(a) Property, Plant & Equipment	12.06	27.86	12.30	28.25
(b) Capital Work in Progress	-	-		
(c) Investment Property	5.62	5.72	5.62	5.72
(d) Goodwill	-	-	1.80	1.80
(e) Other Intangible Assets	-	-	377.40	412.14
(f) Intangible Assets under development	-	-	188.00	184.51
(g) Financial Assets				
(i) Investments	42.12	68.98	0.15	27.03
(ii) Loans	-	-		
(iii) Other Financial Assets	32.16	24.45	32.16	24.45
(h) Deferred Tax Assets (Net)	-	-		
(i) Other Non-Current Assets	18.08	27.30	18.67	27.83
Total Non Current Assets	110.04	154.31	636.10	712.13
Current Assets				
(a) Inventories	1.23	15.19	1.23	15.19
(b) Financial Assets				
(i) Other Investments				
(ii) Trade Receivables	309.21	329.35	301.66	327.37
(iii) Cash & Cash Equivalents	7.08	6.04	19.59	10.39
(iv) Bank Balances other than (iii) above	4.97	6.98	4.97	8.75
(v) Loans	418.96	398.71	218.71	176.43
(vi) Other Financial Assets	2.78	0.85	3.20	2.54
(c) Other Current Assets	35.37	37.30	36.18	38.38
Total Current Assets	779.60	794.41	585.54	579.06
Total Assets	889.65	948.73	1,221.65	1,291.19
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	22.53	22.53	22.53	22.53
(b) Other Equity	9.10	6.69	(510.62)	(386.66)
Equity Attributable to Shareholders of the Company	31.63	29.22	(488.09)	(364.13)
Non-Controlling Interest	-	-	(133.30)	(108.25)
Total Equity	31.63	29.22	(621.39)	(472.38)
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	27.08	28.19	383.81	622.85
(ii) Other Financial Liabilities	88.29	114.87	51.65	78.23
(b) Provisions	-	-	-	-
(c) Deferred Tax Liabilities (Net)	-	-	3.77	3.77
(d) Other Non-Current Liabilities	-	-	30.98	22.54
Total Non Current Liabilities	115.37	143.06	470.21	727.39
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	319.88	283.38	370.80	291.42
(ii) Trade Payables	-	-	-	-
- Total outstanding dues of micro enterprises and small enterprises; and	2.69	2.77	2.69	2.77
- Total outstanding dues of creditors other than micro enterprises and small enterprises	99.21	150.40	102.57	154.25
(iii) Other Financial Liabilities	282.94	293.13	854.01	537.81
(b) Other Current Liabilities	36.65	45.87	41.47	49.03
(c) Provisions	1.29	0.90	1.29	0.90
(d) Current Tax Liabilities (Net)	-	-		
Total Current Liabilities	742.64	776.45	1,372.83	1,036.18
Total Equity & Liabilities	889.65	948.73	1,221.65	1,291.19



Notes:

1. The above audited Financial Results were reviewed and recommended by the Audit Committee and approved by the Board of Directors at the meeting held on July 29, 2019.
2. The Company is engaged in "Construction Activity" and there are no other reportable segments under Ind AS 108 "Operating Segments".
3. 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.
4. This result has been prepared in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015.
5. The Company's borrowing facilities with various banks/financial institutions and NBFC's have continued to remain under NPA classification. The Company had provided for regular interest of Rs.59.78 crores on its various such borrowings for the period April 1, 2018 to December 31, 2018 and accordingly presented the same in its respective financial results upto December, 2018. However, the Company in the current quarter has reversed such unpaid interest of Rs. 59.78 crores 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 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, the Company has also not provided for interest amounting to Rs. 3.57 crores on late payment of Tax deducted at Source.

6. The Company has recognized Guarantee Fees / Commissions during the period April 1, 2018 to December 31, 2018 aggregating to Rs. 10.18 crores which is being subsequently reversed in current quarter 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.
7. The Company has assigned one of 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.
8. 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 Rs. 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



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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.

9. 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 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 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 penal interest and fine as applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014.
10. 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 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 has decided not to account for expected credit losses. 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 Rs. 3.56 crores and to others amounting to Rs. 157.32 crores as at March 31, 2019.
11. 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 Rs. 112.29 crores and total liabilities of Rs.73.54 crores as at the year end.
12. 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.
13. The Company had 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 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.
14. The Company has during the quarter reversed provisions towards expenses aggregating to Rs 4.21 crores which in the opinion of the management are no longer required. Such reversals pertain to



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excess provisions towards expenses of Rs. 3.33 crores & Rs. 0.89 crores already provided for in the financial results for the quarter ended June 30, 2018 and September 30, 2018.

15. 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 Rs. 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 Rs. 230.58 crores to the lenders of VMTPL.

16. Specific notes related with Subsidiary / Associate Companies:

a) Valecha Reality Limited(VRL)

- i. The 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 no provision has been made for the same.
- ii. The Company(VRL) has received loans from Valecha Engineering Ltd and Valecha Infrastructure Ltd to the tune of Rs 28,21,177/-and Rs 6,52,00,000/-respectively. The Company(VRL) has not paid any interest on the same nor has it made any provisioning of the interest payable.

b) Valecha Kachchh Toll Roads Limited(VKTRL)

- i. 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.
- ii. 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)

17. 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.

18. Effective 1 April 2018, the Company has adopted Ind AS 115 - Revenue from Contracts with Customers. The new standard is based on the principle that revenue is recognised when control of



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goods or services is transferred to the customer and provides a single, principles based five-step model to be applied to all sales contracts. It replaces the separate models for goods, services and construction contracts under previous standards (Indian Accounting Standard 11 and Indian Accounting Standard 18) which was based on the concept of transfer of risks and rewards. It also provides further guidance on the measurement of sales on contracts which have discounts, rebates or incentives by applying variable consideration principles.

The adoption of Ind AS 115 did not have any material impact on recognition and measurement of revenue and related items in the audited standalone financial results for the quarter and year ended 31st March 2019.

19. Management Comments on Auditor's qualifications & observations are provided in Annexure I.
20. The figures for the quarter ended 31.03.2019 and 31.03.2018 represent the balance between audited figures in respect of the full financial years and those published till the third quarter of the respective financial years.
21. 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 Lakhs rupees.

For VALECHA ENGINEERING LIMITED


J. K. VALECHA
VICE CHAIRMAN AND
DIRECTOR
DIN : 00013070
DATE : JULY 30, 2019
PLACE : MUMBAI

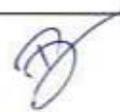






ANNEXURE I
Statement on Impact of Audit Qualifications
(For audit report with modified opinion) submitted along-with
Annual Audited Financial Results (Standalone & Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2019				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs in Crores	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income	201.53	Not ascertainable
	2	Total Expenditure	200.37	
	3	Net Profit/(loss) before OCI	1.16	
	4	Earnings Per Share- Basic	0.51	
	5	Total Assets	889.65	
	6	Total Liabilities	858.02	
	7	Net Worth	31.63	
	8	Any Other Financial Item		
II. Audit Qualification (each audit qualification separately) :				
1	a.	Details of Audit Qualification :		
		<p>a) The Company has not evaluated impairment provisions for expected credit losses (ECL) towards:</p> <ul style="list-style-type: none"> - 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/Financial institution / NBFC's on behalf of the two subsidiaries and two step-down subsidiaries. The Company has not done any fair valuation of such Corporate guarantees but has only recognized the guarantee fees/commission for the respective periods upto March 31, 2018 of Rs. 28.01 Crores. The Company has also further recognized such Guarantee Fees / Commissions during the period April 1, 2018 to December 31, 2018 aggregating to Rs. 10.18 crores which is being subsequently reversed in current quarter in view of the already weak financial position of such subsidiaries and step down subsidiaries. No reversals/impairment has been done for the guarantee fees / commission recognized upto March 31, 2018. <p>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, Corporate Guarantees, if any, and corresponding impact on the net results of the year.</p> <p>Attention is invited to Note No. 15 to the Statement 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 overall net results, assets and liabilities of the Company.</p> <p>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 the resultant impact on the net results for the year, if any.</p>		
	b.	Type of Audit Qualification :	Qualified Opinion	
	c.	Frequency of qualification :	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :		
	(i)	<p>The Company has issued financial guarantee to various Financial Institutions on behalf of two subsidiaries and two step down subsidiaries based on terms of sanctioned letter 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, therefore the commission charged in three quarters during the year has been reversed in the fourth quarter. 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 Impairment of Corporate Guarantee, Loans & Advances and Investment in Subsidiaries. The financial statement of one of its associate company could not be provided due to various reasons. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.</p>		
2	a.	Details of Audit Qualification :		



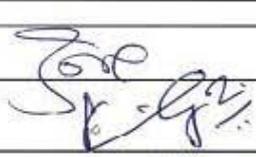
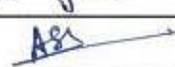
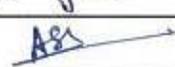



	<p>b) We draw attention to Note No. 5 to the Statement, where the Company has reversed regular interest of Rs. 59.78 crores on its various borrowing facilities for the first three quarters and has not provided for any regular interest for the current quarter of Rs. 20.59 crores as it expects certain 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.</p> <p>The Company has also not provided for interest amounting to Rs. 3.57 crores on late payment of Tax deducted at Source.</p> <p>Had such regular interest not been reversed, current quarter provision for regular interest been made and interest provision on late payment of Tax deducted at Source been made, the Company's net loss for the year would have been Rs. 81.53 crores. In absence of detailed computation of penal interest, we are unable to comment on its resultant impact on the net results for the year.</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of qualification : Repetitive</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :</p>
	<p>The company is approaching banks / Financial Institutions for OTS / Restructuring of their NPA loans and management is hopeful of settling the outstanding loan and getting some reliefs, therefore the company has reversed the Interest as provided in the three quarters of the FY 2018-19 and has not provided for any penal interest on Banks / Financial Institution. Further due to the non-availability of surplus profit and cash flow for last couple of years, the company has not provided for interest on statutory liability.</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor : NA</p>
3	<p>a. Details of Audit Qualification :</p>
	<p>c) We draw attention to Note No. 7 to the Statement where the Company has assigned its loan given 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.</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of qualification : Once</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p>
	<p>(i) In view of the companies current financial position, and based on the tripartite agreement entered into amongst the Company, Borrower Company and the Creditors such offsetting has been done. The Company shall arrange to provide necessary documents pertaining to the same to the auditors at the earliest.</p>
4	<p>a. Details of Audit Qualification :</p>
	<p>d) We draw attention to Note No. 8 to the Statement where the Company has during the year transferred its complete 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 with the Options Agreement to verify whether the Company had the right under the above arrangement to transfer such Investments at its Book Value 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.</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of qualification : Once</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p>
	<p>(i) 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.</p>
5	<p>a. Details of Audit Qualification :</p>



	<p>e) We draw attention to Note No. 9 to the Statement, 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 applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014. Non provision of bank 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 net results of the year.</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of qualification : Repetitive</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p>
	<p>(i) As we have informed the 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.</p> <p>Accordingly, the matter stands subjudiced pending the receipt of the fund from Canara Bank and on receipt of the refund from Income Tax Department.</p> <p>Due to non-availability of surplus profit and cash flow for couple of years, the company has not provided for regular as well as for the penal interest on public deposit.</p>
6	<p>a. Details of Audit Qualification :</p>
	<p>f) We draw attention to Note No. 10 to the Statement, 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 the net results of the year.</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of qualification : Repetitive</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p>
	<p>(i) Trade receivable - The Trade Receivables includes various claims lodged against various clients. The Company is hopeful to recover the same in the time to come and management believe that they have strong case for each of the claims lodged against various clients. Hence, the Board has decided not to account for any Impairment provision for the same.</p> <p>Loans extended to various related parties & other parties- The Company expects to recover the same in the time to come and hence has not made any provision for the same.</p>
7	<p>a. Details of Audit Qualification :</p>
	<p>g) We draw attention to Note No. 10 to the Statement, where the Company in relation to its seventeen project sites, which have either been de-mobilized or completed or otherwise shut, could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no movements in such accounts of project sites which includes total assets of Rs. 112.29 crores and total liability of Rs.73.54 crores. In view of unavailability of information, we are unable to comment upon the resultant impact, if any on net results for the quarter and year ended of the Company, had the said units been reviewed by us.</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of qualification : Once</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p>
	<p>(i) Closure of mentioned sites due to heavy losses, the projects are facing lock-out and local unrest at above mentioned sites. Hence document could not be obtained and provided. However, as soon as the situation is normalised, the same will be provided to the auditor. However, Management do not foresee any material impacts on the financial statements.</p>
8	<p>a. Details of Audit Qualification :</p>
	<p>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 results for the quarter and year ended, accumulated losses, assets and liabilities as at the period end, the amounts whereof are presently not ascertainable.</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>



	c.	Frequency of qualification :	Once
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :	NA
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :	
	(i)	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, we do not foresee any material impacts on the financial statement of the company.	
9	a.	Details of Audit Qualification :	
		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 net results for the period, accumulated net results, liabilities as at the period end, the amounts whereof are presently not ascertainable.	
	b.	Type of Audit Qualification :	Qualified Opinion
	c.	Frequency of qualification :	Once
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :	NA
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :	
	(i)	Legal cases filed by/ against the company - Since the cases are ongoing and based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.	
10	a.	Details of Audit Qualification :	
		We draw attention to Note No. 16(a) to the Statement, Valecha Reality Limited (VRL), a subsidiary of the Company, whereby the other auditor has stated in respect of loan amounting to Rs 6.51 crores to M/s SVK Arcade LLP which is receivable in the Books of Accounts, the Company has not made any impairment provision on such loan. VRL has obtained loans Valecha Engineering Limited of Rs. 0.28 crores and from Valecha Infrastructure Limited of Rs 6.52 crores but has not provided for any interest on the same.	
	b.	Type of Audit Qualification :	Qualified Opinion
	c.	Frequency of qualification :	Once
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :	NA
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :	
	(i)	SVK Arcade LLP - The 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.	
		No Interest provision - On account of continuing losses in past couple of years in VRL, it has not provided for any interest on its loans taken. The same shall be provided only in case of any improvement in cash flows / profitability.	
11	a.	Details of Audit Qualification:	
		We draw attention to Note No. 16(b) to the Statement, Valecha Kachchh Toll Roads Limited(VKTRL) has prepared its accounts on going concern basis inspite of continued significant losses during the current year and past years and had continued to default in repayment of financial obligation including interest.	
	b.	Type of Audit Qualification :	Qualified Opinion
	c.	Frequency of qualification :	Once
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :	NA
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :	
	(i)	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. Accordingly the accounts have been prepared on going concern basis.	
III.	Signatories :		Signatures
	Vice-Chairman and Director Mr. Jagdish K. Valecha		
	Audit Committee Chairman. Mr. Ketan Gandhi		
	Chief Financial Officer Mr. Anil S. Korpe		
	Auditors For Bagaria & Co. LLP Chartered Accountants Firm Registration No. - 113447W/W-100019		
	Vinay Somani Partner Membership No. 143503		
	Place : Mumbai		
	Date : 30th July 2019		

CHIEF EXECUTIVE OFFICER
MR. TARUN DUTTA

