

Valecha Kachchh Toll Roads Limited

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

Annual Report F.Y. 2018-19

T R Chadha & Co LLP

Chartered Accountants

502., Marathon Icon,
Off. Ganpatrao Kadam Marg
Opp. Peninsula Corporate Park
Lower Parel, Mumbai – 400 013
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INDEPENDENT AUDITOR'S REPORT

To the Members of Valecha Kachchh Toll Roads Limited Report on the Audit of the Financial Statements

1. Qualified Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 the 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, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

2. Basis for Qualified Opinion

- 2.1 *The company 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 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 has also put a claim of Rs. 866.25 Crores on GSRDC during the year and is hopeful for getting the same. We are unable to comment on the recoverability of the same including non -impairment of intangible asset and intangible assets under development.*
- 2.2 *We understand that the Lenders of the Company has appointed a forensic auditor to verify the matters with regard to the Company. However, it was explained that the scope of audit and report including draft report has not been shared with the Company and accordingly we are unable to comment on same including any adjustments arising out of the findings of the same.*



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We conducted our audit of the financial statements 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 Responsibility 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 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 ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

3. Information Other than the Financial Statements and Auditor's Report thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in Company's directors Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

4. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for

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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 is also responsible for overseeing the Company's financial reporting process.

5. Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial 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 controls 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 Company'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 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

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auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

6. Report on Other Legal and Regulatory Requirements

- a. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- b. As required by Section 143(3) of the Act, we report that:
 - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - iii. The Balance Sheet, the Statement of Profit and 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.
 - iv. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - v. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.



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- vi. 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**”.
- vii. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position.
 - The company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- c. With respect to the other matters to be included in Auditor’s Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our informations and according to the explanations given to us, no remuneration paid by the Company to its directors during the year.

For T R Chadha & Co LLP
Chartered Accountants
Firm Regn. No: 006711N/N500028


Kashyap Vaidya
Partner
Membership No. 37623
UDIN: 19037623AAAABB6738



Place: Mumbai
Date: 29.07.2019

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Annexure A to the Auditor's Report

The annexure referred to in Independent Auditors' Report to the member of the Valecha Kachchh Toll Raods Limited ("the Company") on the financial statement for the year ended 31st March 2019, we report that;

(i) Fixed Assets

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The Company has a regular program of physical verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the informations and explanations given to us, there is no Immovable Property in the books of accounts of the Company. Thus, the provision of clause 3(i)(c) of the Order is not applicable to the Company

(ii) Inventories

There were no inventory lying as on 31.03.2019, accordingly, the provisions of clause (ii) of the Order is not applicable to the company.

(iii) Loans given

According to the information and explanations given to us, during the year, the Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013, the advances given are during normal course of business. Accordingly, reporting under paragraph 3 (iii) (a), (b) and (c) of the order is not applicable to the Company.

(iv) Compliance of Sec. 185 & 186

According to the information and explanations given to us, the Company has not given loans or guarantees to directors or other persons in which a director is interested or provide security in connection with a loan and as such section 185 of the Companies Act is not applicable.

(v) Public Deposit

During the year, the company has not accepted any deposits from the public. Accordingly reporting under paragraph 3 (v) of the order is not applicable to the Company.



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(vi) Cost Records

To the best of our knowledge and according to the information and explanation provided to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act.

(vii) Statutory Dues

- a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Employees State insurance, Income-tax, Goods and Service tax, Custom duty, Cess, etc. There are no undisputed dues payable, outstanding as on 31st March, 2019 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no amounts in respect of income tax, service tax etc. that have not been deposited with the appropriate authorities on account of any dispute.

(viii) *The company has defaulted in repayment of dues to banks.*

In our opinion and according to the information and explanations furnished to us by the Company the following default existed in the repayment of the due to the financial institutions and Banks at the date of the balance sheet.

Particular	Principal Default amount Rs.	Interest Outstanding Rs.	Period of Default
Canara Bank	10,32,00,000	9,76,90,031	Principal is payable since June 2016 and interest is payable since February 2016.
	9,04,00,000	1,27,79,62,270	
Total A	19,36,00,000	1,37,56,52,301	
Indian	2,66,00,000	66,79,75,827	Principal is payable since June 2016 and interest is payable since February 2016.
Overseas Bank	3,46,00,000	1,52,75,411	
Total B	6,12,00,000	68,32,51,238	
Total (A+B)	25,48,00,000	2,05,89,03,539	

- (ix) The Company didn't raise any money by way of initial public offer or further public offer or term loans during the year. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanation given to us, and based on the audit procedure performed by us, we report that no fraud by the Company or no fraud on the company by its officers or employees has been noticed or reported during the year.



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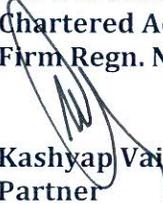


- (xi) According to information & explanations given to us, the Company has not paid any managerial remuneration to its directors. Accordingly, reporting under paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, reporting under paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) As per the information and explanations given by the management, all the transactions with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the financial statements, as required by the applicable accounting standards. *However, company has not complied with the provision of section 177 of Companies Act 2013.*
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting under paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) As per the information and explanations given by the management, the company has not entered into any non-cash transaction with directors or persons connected with him. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) As per the information and explanations given by the management, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under paragraph 3(xvi) of the Order is not applicable to the Company.

Place: Mumbai
Date: 29.07.2019



For T R Chadha & Co LLP
Chartered Accountants
Firm Regn. No: 006711N/N500028


Kashyap Vaidya
Partner
Membership No. 37623
UDIN: 19037623AAAABB6738

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ANNEXURE B

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

Opinion

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

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on, the internal control over financial reporting criteria established by the Company 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.

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 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 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 Companies Act, 2013.

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”) issued by ICAI and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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

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evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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.

Place: Mumbai
Date: 29.07.2019



For T R Chadha & Co LLP
Chartered Accountants
Firm Regn. No: 006711N/N500028


Kashyap Vaidya
Partner
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Valecha Kachchh Toll Raods Limited
Balance Sheet as at 31st March 2019

Particulars	Note No.	As At 31st March, 2019	As At 31st March, 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	14,27,150	24,86,422
(b) Other Intangible assets	3	1,37,77,24,078	1,54,28,11,625
(c) Intangible assets under development	3A	2,06,96,76,378	1,84,90,86,547
(d) Other non-current assets	4	50,000	50,000
Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	5	7,24,237	2,10,509
(ii) Bank balances other than (i) above	5	6,77,57,093	69,92,547
(iii) Loans	6	36,89,02,614	41,21,62,195
(b) Current Tax Assets (Net)	7	1,41,866	1,41,866
(c) Other current assets	8	79,12,749	1,06,79,345
Total Assets		3,89,43,16,165	3,82,46,21,057
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share capital	9	68,50,00,000	68,50,00,000
(b) Other Equity	10	(3,76,69,24,745)	(2,78,34,45,014)
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	11	3,13,15,00,000	3,41,83,00,000
(b) Provisions	12	23,98,48,420	16,67,54,401
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	84,60,48,955	65,00,19,606
(ii) Trade payables	14	6,39,69,622	4,18,24,729
(iii) Other financial liabilities	15	2,69,28,19,978	1,64,58,84,620
(b) Other current liabilities	16	20,53,935	2,82,715
Total Equity and Liabilities		3,89,43,16,165	3,82,46,21,057

As per our report of even date
For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No: 006711N/ N500028

Kashyap Vaidya
Membership No.: 37623
Partner
Place : Mumbai.
Date : 29-07-2019



For and on behalf of the Board

Vijay Kumar H Modi
Vijay Kumar H Modi
CFO & CS



Santosh Kumar Patro
Santosh Kumar Patro
(Director)
DIN : 07571177

Sandesh Dalvi
Sandesh Dalvi
(Director)
DIN : 07571178

Valecha Kachchh Toll Roads Limited
Statement of Profit & Loss for the Year Ended on 31st March 2019

(Amount in INR)

Particulars	Note No	As at 31st March, 2019	As at 31st March, 2018
I. Revenue from operations		9,16,68,825	5,97,34,198
II. Other income (Liabilities written back etc.)		25,00,000	29,22,577
III. Total Revenue (I + II)		9,41,68,825	6,26,56,775
IV. Expenses:			
Employee benefits expense	17	12,85,264	12,76,030
Finance costs	18	80,79,99,057	63,48,86,449
Depreciation and amortization expense		16,61,46,818	16,69,92,269
Impairment of assets		-	59,35,12,063
Other expenses	19	10,22,17,415	17,47,47,122
Total expenses		1,07,76,48,554	1,57,14,13,932
IX. Loss before tax (VII- VIII)		(98,34,79,729)	(1,50,87,57,157)
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI Loss for the period		(98,34,79,729)	(1,50,87,57,157)
XII Other Comprehensive Income			
A Items that will not be reclassified to Profit & Loss (net of tax)			
B Items that will be reclassified to Profit & Loss (net of tax)			
C Transaction with owners in their capacity as owners		-	(7,50,64,000)
Total Comprehensive income for the period (XI + XII) (Comprising profit/loss and other comprehensive income for the period)		(98,34,79,729)	(1,43,36,93,157)
XIII Earnings per equity share:			
(1) Basic		(14.36)	(22.03)
(2) Diluted		(14.36)	(22.03)

The notes form an integral part of these financial statements

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No: 006711N/ N500028

Kashyap Vaidya
Kashyap Vaidya
Membership No.: 37623
Partner
Place : Mumbai
Date : 29-07-2019



For and on behalf of the Board

Vijay Kumar H Modi
Vijay Kumar H Modi
CFO & CS

Santosh Kumar Patro
Santosh Kumar Patro
(Director)
DIN : 07571177



Sandesh Dalvi
Sandesh Dalvi
(Director)
DIN : 07571178

Valecha Kachchh Toll Roads Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2019

	As at 31st March, 2019	As at 31st March, 2018
A. Cash flow from Operating Activity		
Loss Before Tax and Extraordinary Item	(98,34,79,729)	(1,50,87,57,157)
Add / (Deduct) Adjustment for :		
Depreciation	16,61,46,818	16,69,92,269
Impairment of assets	-	59,35,12,063
Interest Paid	80,79,99,057	63,48,86,449
Interest Received	(25,00,000)	(29,22,577)
Operating Profit before working capital changes	(1,18,33,854)	(11,62,88,954)
Trade and other Receivable	4,60,26,177	(2,20,62,468)
Trade and other Payables	85,71,45,490	73,97,16,765
Net Cash Flow from Operating Activity	89,13,37,812	60,13,65,343
B. Cash Flow from Investing Activity		
Interest Received	25,00,000	29,22,577
Purchase Of Fixed Assets	-	(12,68,518)
Intangible Assets under Development	(22,05,89,831)	(10,99,93,249)
Net Cash flow From Investing Activity	(21,80,89,831)	(10,83,39,190)
C. Cash Flow from Financing Activities		
Increase in Other Equity	-	7,50,64,000
Promoters Contribution	11,542	-
Interest Paid	(80,79,99,057)	(63,48,86,449)
Proceeds from short term borrowing	19,60,17,807	6,55,19,606
Repayment Of Loan	-	-
Net Cash From Financing Activities	(61,19,69,708)	(49,43,02,843)
Net Increase / (Decrease) in Cash and Cash Equivalents	6,12,78,273	(12,76,690)
Opening Balance of Cash and Cash Equivalents	72,03,057	84,79,747
Closing Balance of Cash and Cash Equivalents	6,84,81,330	72,03,057

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No: 006711N/ N500028


Kashyap Vaidya
Membership No: 37623
Partner
Place : Mumbai.
Date : 29-07-2019



For and on behalf of the Board


Vijay Kumar H Modi
CFO & CS




Santosh Kumar Patro
(Director)
DIN : 07571177


Sandesh Dalvi
(Director)
DIN : 07571178

Valecha Kachchh Toll Roads Limited

Statement of changes in equity

A. Equity Share Capital

Particulars	Amount
Balance as at March 31, 2018	68,50,00,000
Changes in equity share capital during the year	-
Balance as at March 31, 2019	68,50,00,000

B. Other Equity

Particulars	Reserves and Surplus		
	Other Comprehensive Income	Retained Earnings	Total
Balance as at April 1, 2018	-	(1,42,48,15,857)	(1,42,48,15,857)
Profit for the year	-	(1,50,87,57,157)	(1,50,87,57,157)
Provision for resurfacing expenses	-	-	-
IndAS impact for Service concession agreement	-	-	-
Corporate Guarantee Fees	-7,50,64,000	-	-7,50,64,000
Balance as at March 31, 2018	-7,50,64,000	(2,93,35,73,014)	(3,00,86,37,014)
Profit for the year	-	(98,34,79,729)	(98,34,79,729)
Corporate Guarantee Fees	-	-	-
Balance as at March 31, 2019	-7,50,64,000	(3,91,70,52,744)	(3,99,21,16,744)

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants

Firm Registration No: 006711N/ N500028

Kashyap Vaidya
 Kashyap Vaidya
 Membership No.: 37623
 Partner
 Place : Mumbai.
 Date : 29-07-2019



For and on behalf of the Board

Vijay Kumar H Modi
 Vijay Kumar H Modi
 CFO & CS



Santosh Kumar Patro
 Santosh Kumar Patro
 (Director)
 DIN : 07571177

Sandesh Dalvi
 Sandesh Dalvi
 (Director)
 DIN : 07571178

Notes to Accounts for the year ended 31st March 2019
 Note 3: Property, Plant & Equipment

Details	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 April 2018	Addition during the year	Deduction during the year	Balance as at 31 March 2019	Balance as at 1 April 2018	Depreciation charge for the Period	Deduction/ impairment during the year	Balance as at 31 March 2019	Balance as at 31 March 2018
(I) Tangible Assets									
Furniture and Fixtures	31,500	-	-	31,500	8,634	2,993	-	19,873	22,866
Computer	2,39,92,449	-	-	2,39,92,449	2,17,38,261	9,68,243	-	12,85,945	22,54,188
Office equipment	4,63,345	-	-	4,63,345	2,53,977	88,036	-	1,21,332	2,09,368
Total - A	2,44,87,294	-	-	2,44,87,294	2,20,00,872	10,59,272	-	14,27,150	24,86,422
(II) Intangible Assets									
Concessionaire Right	2,00,24,54,530	-	-	2,00,24,54,530	45,96,42,907	16,50,87,546	-	1,37,77,24,078	1,54,28,11,624
Total - B	2,00,24,54,530	-	-	2,00,24,54,530	45,96,42,907	16,50,87,546	-	1,37,77,24,078	1,54,28,11,624
Gross Total (A+B)	2,02,69,41,824	-	-	2,02,69,41,824	48,16,43,779	16,61,46,818	-	1,37,91,51,228	1,54,52,98,046



Valecha Kachchh Toll Roads Limited
Notes to Accounts for the year ended 31st March 2019

	Opening Bal 01-Apr-18	Addition During The Year	Capitalisa tion Intangible Assets (A) & (B)	Capitalis ation Tangible Assets (C) & (D)	Rs. Closing Bal 31-Mar-19
	(A)	(B)	(C)	(D)	Total of (A to D)
EPC Cost	1,37,19,22,297	20,95,00,673	-	-	1,58,14,22,970
Interest During Construction	40,19,45,788	-	-	-	40,19,45,788
Interest on Unsecured loan (GSRDC)	11,27,281	1,10,89,158	-	-	1,22,16,439
Other Preliminary Expenses	50,322	-	-	-	50,322
Prebid Expenses	3,04,666	-	-	-	3,04,666
Appraisal Fee - Canara Bank	6,83,860	-	-	-	6,83,860
Audit Fee	1,68,288	-	-	-	1,68,288
Air Conditioner	-	-	-	-	-
Bank Charges	1,32,528	-	-	-	1,32,528
B G Commission	3,29,313	-	-	-	3,29,313
Conveyance Charges	8,037	-	-	-	8,037
Development Fees	1,59,26,560	-	-	-	1,59,26,560
General Expenses	76,465	-	-	-	76,465
Generator Set	-	-	-	-	-
IEC Code Exp.	1,550	-	-	-	1,550
I.E. Reimbursement of Payment	1,04,77,399	-	-	-	1,04,77,399
Insurance Charges	55,623	-	-	-	55,623
IE Escalation Work	4,88,027	-	-	-	4,88,027
Interest on IE Fees	3,23,013	-	-	-	3,23,013
Interest Paid on Statutory Liability	1,00,679	-	-	-	1,00,679
ISIN Activation Exp.	10,449	-	-	-	10,449
Postage & Courier A/c	4,340	-	-	-	4,340
Printing & Stationery	18,772	-	-	-	18,772
Professional Fees	1,88,12,579	-	-	-	1,88,12,579
Professional Fees - Traffic Study	1,11,601	-	-	-	1,11,601
ROC Charges	15,31,158	-	-	-	15,31,158
Salary Paid	-	-	-	-	-
Staff Welfare Expenses	-	-	-	-	-
Stamp Duty	4,42,939	-	-	-	4,42,939
Supervision Charges for ROB	1,57,82,071	-	-	-	1,57,82,071
Tax Expense	1,39,427	-	-	-	1,39,427
Toll Expenses	8,05,411	-	-	-	8,05,411
Toll Systems	-	-	-	-	-
Travelling Expenses	5,04,611	-	-	-	5,04,611
Upfront Fee - Canara Bank	17,09,650	-	-	-	17,09,650
Upfront Fee - IOB	17,00,077	-	-	-	17,00,077
Up Front Fees Additional Debt- Canara Bank	5,45,115	-	-	-	5,45,115
interest on Development Fees	32,86,435	-	-	-	32,86,435
(Sub Total a)	1,84,95,26,332	22,05,89,831	-	-	2,07,01,16,163
Less : Indirect Income	4,39,784	-	-	-	4,39,784
(Sub Total b)	4,39,784	-	-	-	4,39,784.28
Grand Total (a-b)	1,84,90,86,547	22,05,89,831	-	-	2,06,96,76,378



Note 4: Other Non Current Assets			31-03-2019	31-03-2018
			(Amount in INR)	(Amount in INR)
	I) Deposits			
Sales Tax Deposit		50,000	50,000	
		50,000	50,000	
	Total		50,000	50,000
Note 5: Cash and cash equivalents			31-03-2019	31-03-2018
			(Amount in INR)	(Amount in INR)
	(I) Cash on Hand		7,24,237	210509
		(Sub Total I)	724237	210509
	(II) Balances with Banks			
	In Current Accounts			
	Canara Bank A/c 2677201000919		19,581	19,935
	Canara Bank Escrow A/c 2630201000167		13,75,027	-7,23,315
	Canara Bank Toll Collection A/c -3309201000052		80,84,793	58,73,651
	Corporation Bank A/c 510101006285562		5,82,77,693	18,22,276
In Deposit Account				
Bank term Deposit for Debt Service Reserve Accounts			-	
(FDR is under lien of bank. Further, the maturity of FDR is less than 12 months)				
	(Sub Total II)	67757093	6992547	
	Total	6,84,81,330	72,03,057	
Note 6: Loans - Current			31-03-2019	31-03-2018
			(Amount in INR)	(Amount in INR)
	Advances to related parties:			
	Unsecured:			
	Machinery Advance to Valecha Engineering Limited		5,38,34,002	5,38,34,002
	Material Advance to Valecha Engineering Limited		18,86,37,073	18,61,37,073
	Mobilisation Advance to Valecha Engineering Limited		12,38,84,659	12,38,84,659
	Other Advance to Valecha Engineering Limited		-	4,56,38,420
	Valecha Infrastructures Ltd Assets		21,74,970	21,74,970
	Valecha Badwani Sendhwa Toll Ways Ltd		1,92,670	3,13,831
Valecha LM Toll Private Limited		1,79,240	1,79,240	
		36,89,02,614	41,21,62,195	
Note 7: Other Current Assets			31-03-2019	31-03-2018
			(Amount in INR)	(Amount in INR)
	TDS Receivable		1,41,866	1,41,866
	Total	1,41,866	1,41,866	
Note 8: Other Current Assets			31-03-2019	31-03-2018
			(Amount in INR)	(Amount in INR)
	Imprest		9,884	1,10,065
	Advances to Staff		32,050	1,850
	Prepaid upfront fees		54,76,553	72,80,746
	Prepaid Insurance Expenses		23,94,262	32,86,684
	Total	79,12,749	1,06,79,345	
Note 9: Share Capital			31-Mar-19	31-Mar-18
			(Amount in INR)	(Amount in INR)
	(I) Authorised Share Capital			
	6,85,00,000 (Prev. Year 6,85,00,000) Equity Shares of Rs 10 each		68,50,00,000	68,50,00,000
	(II) Equity Shares - Issued, Subscribed and Paid up			
	6,85,00,000 (Prev. Year 6,85,00,000) Equity Shares of Rs 10 each		68,50,00,000	68,50,00,000
		Total	68,50,00,000	68,50,00,000
	(III) Reconciliation of the shares outstanding at the beginning and the at the end of the reporting period			
	At the beginning of the year		2018-19 No. of shares 68,50,00,000	2017-18 No. of shares 68,50,00,000
	Add : Issued during the year		-	-
Outstanding at the end of the year		68,50,00,000	68,50,00,000	
Rights, Preferences and Restrictions -	The company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.			
Shares held by	No. of Shares	% of Shares	No. of Shares	% of Shares
- Its Holding Company (M/s Valecha Engineering Limited)	3,98,35,000	58%	3,98,35,000	58%
Details of Shareholders holding more than 5% shares				
	2018-19		2017-18	
Name of Shareholders	No. of shares	% holding	No of Shares	% holding
Valecha Engineering Limited	3,98,35,000	58%	3,98,35,000	58%
PBA Infrastructure Limited	2,86,65,000	42%	2,86,65,000	42%



Note 10: Other Equity	31-03-2019 (Amount in INR)	31-03-2018 (Amount in INR)
Surplus/(Deficit) in statement of Profit & Loss		
Balance Brought Forward	(2,93,35,73,015)	(1,42,48,15,857)
Surplus/(Deficit) in statement of Profit & Loss during the year	(98,34,79,729)	(1,50,87,57,157)
Provision for resurfacing expenses	-	-
IndAS impact for Service concession agreement	-	-
	(3,91,70,52,745)	(2,93,35,73,014)
Other Comprehensive Income (Guarantee Fees)	15,01,28,000	15,01,28,000
	(3,76,69,24,745)	(2,78,34,45,014)

Note 11 Borrowing - Non Current	31-03-2019 (Amount in INR)	31-03-2018 (Amount in INR)
Secured Loans		
A) Term Loans		
Canara Bank	1,77,42,00,000	1,93,97,00,000
Indian Overseas Bank	1,35,73,00,000	1,47,86,00,000
Total Long Term Borrowing	3,13,15,00,000	3,41,83,00,000

The term loan is secured by :

i.) First mortgage and charge of all companies, immovable properties if any, both present and future save and except project assets.

ii.) First paripassu charge by way of hypothecation of all the company's movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets of the project, save and except project assets, present and future.

iii.) First charge on company's cash flows and receivables including revenues of whatever nature, present or future wherever arising.

Principal, Interest & Interest Rate :

Particular	Principal Outstanding Rs. (A)	Principal Default Rs.	Interest Outstanding Rs. (B)	Total Amount in Rs. (A+B)	Rate Interest	Period of Default
Canara Bank	1,97,98,00,000	10,32,00,000	9,76,90,031	2,07,74,90,031	Base Rate+6.45%	Principal is payable since June 2016 and interest is payable since February 2016.
	15,35,00,000	9,04,00,000	1,27,79,62,270	1,43,14,62,270		
Total A	2,13,33,00,000	19,36,00,000	1,37,56,52,301	3,50,89,52,301		
Indian Overseas Bank	1,50,55,00,000	2,66,00,000	66,79,75,827	2,17,34,75,827	Base Rate+1.75%	Principal is payable since June 2016 and interest is payable since February 2016.
	11,44,00,000	3,46,00,000	1,52,75,411	12,96,75,411		
Total B	1,61,99,00,000	6,12,00,000	68,32,51,238	2,30,31,51,238		
Total (A+B)	3,75,32,00,000	25,48,00,000	2,05,89,03,539	5,81,21,03,539		

Sanction Amount

Bank	Sanction Amount		
	31-Mar-19	31-Mar-18	31-Mar-17
Canara Bank	2,15,35,00,000	2,15,35,00,000	2,15,35,00,000
Indian Overseas Bank	1,63,44,00,000	1,63,44,00,000	1,63,44,00,000

Repayment :

Payable in structured quarterly instalments, starting after a moratorium period of one year post the construction period of one & half years, accordingly, the instalment will be due on 30th June 2016 as per available sanction letter. As per the sanction letter dated 11.11.2014 COD of the project has been extended by one year to 31st March 2015 correspondingly repayment schedule has been revised and first repayment shall start from 30th June 2016.

Maturity Profile of Secured Loans

	(Amount in INR Crs)	
Repayable in 1 - 3 years	33	33
Repayable in 3-5 years	54	54
More than 5 years	292	292

Company has not paid any principal amount during the current year. Further, Bank has not communicated revised repayment schedule. Hence, we consider, same repayment schedule for current year.

Note 12: Provisions - Non Current	31-03-2019 (Amount in INR)	31-03-2018 (Amount in INR)
Provision for MMR	23,98,48,420	16,67,54,401
Total	23,98,48,420	16,67,54,401



Note 13: Borrowings - Current	31-03-2019	31-03-2018
	(Amount in INR)	(Amount in INR)
Unsecured		
Loans and advances from related parties		
Part of the Promoters Contribution in Project from Valecha Engineering Limited, Holding Company. Infused as per the Rupee Loan Agreement entered with project lenders.	58,45,11,542	58,45,00,000
Repayable after the payment of secured loans, at face value on the basis of availability of cash flow and carries 0% interest.		
Loan from GSRDC	26,15,37,413	6,55,19,606
Total	84,60,48,955	65,00,19,606

Note 14: Trade payables	31-03-2019	31-03-2018
	(Amount in INR)	(Amount in INR)
Trade Payables		
Payable to EPC Contractor Holding Company	4,56,76,548	1,98,34,758
Sundry Creditors Others	1,82,93,074	2,19,89,971
Total	6,39,69,622	4,18,24,729

Note 15: Other financial Liabilities - Current	31-03-2019	31-03-2018
	(Amount in INR)	(Amount in INR)
Interest accrued and due on borrowings	2,07,11,19,978	1,31,09,84,620
Current Maturity Of Long Term Debt	62,17,00,000	33,49,00,000
Total	2,69,28,19,978	1,64,58,84,620

Note 16: Other Current Liabilities	31-03-2019	31-03-2018
	(Amount in INR)	(Amount in INR)
Statutory Dues	20,53,935	2,82,715
Total	20,53,935	2,82,715

Note 17: Employee Benefits Expenses	31-03-2019	31-03-2018
	(Amount in INR)	(Amount in INR)
Salaries & Wages	12,24,454	12,31,430
Others	60,810	44,600
Total	12,85,264	12,76,030

Note 18: Finance Costs	31-03-2019	31-03-2018
	(Amount in INR)	(Amount in INR)
Interest Cost	80,60,73,700	63,25,69,736
Other finance cost	19,25,357	23,16,713
Total	80,79,99,057	63,48,86,449

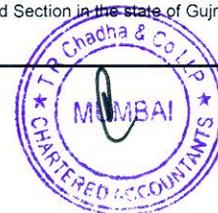
Note 19: Other Expenses	31-03-2019	31-03-2018
	(Amount in INR)	(Amount in INR)
Legal & Professional Fees	43,600	2,76,334
Postage & Telegram	1,407	1,170
Power & Fuel	1,15,570	1,66,886
Rent & Hire Charges	8,94,780	14,27,685
Rent, Rates & Taxes	9,600	97,812
Repair & Maintenance	1,15,11,844	1,36,41,038
Sundry Operational Expenses	2,57,658	3,13,611
Toll Operation & maintenance Expenses	1,54,23,573	1,18,62,859
Travelling & Conveyance Expenses	93,641	6,53,330
Excess Provision W/off	4,14,773	61,591
Payment to Auditors	3,56,950	3,67,990
Provision for resurfacing Expenses	7,30,94,019	7,08,12,816
Corporate Guarantee Fees	-	7,50,64,000
Total	10,22,17,415	17,47,47,122

Note 20: Commitments	31-03-2019	31-03-2018
	Estimated amount of contracts remaining to be executed on capital account (Net of Capital Advances)	

Note 21: Auditors Remuneration (Including taxes)	31-03-2019	31-03-2018
	Statutory Audit Fee	2,27,500
Tax Audit	75,000	88,500
Service tax/GST	54,450	40,950
	3,56,950	3,56,950

Note 22: Earning Per Share	31-03-2019	31-03-2018
	Net Profit attributable to equity shareholders	(98,34,79,729)
Weighted average number of shares for Basic and Diluted EPS (Numbers)	6,85,00,000	6,85,00,000
Basic & Diluted Earnings Per share (Equity share of Rs. 10/- each)	(14.36)	(22.03)

Note 23: Segment Reporting
The Company is a special purpose vehicle which has a single special purpose of development of Bhuj Bhachau Road Section in the state of Gujrat on BOT basis; therefore the only segment of company as per Ind AS 108.



Note 24: Construction Work in Progress

The Project Milestone(s) / Schedule Construction Completion Date as per Clause 10.3.5 of the Concession Agreement with GSRDC could not be achieved for reasons attributable to GSRDC. Accordingly the company had made representation to GSRDC for extension of time and the GSRDC had allowed the interim extension of time in Schedule Construction Completion Date upto 31/12/2014. However, since the construction work could not be completed before the extended date, the company has made representation to GSRDC for extension of time upto 31/12/2015 and the company is hopeful of getting the extension of time. In view of the same, the company does not anticipate any demand from GSRDC for non - achievement of Milestone(s) / Construction Completion Date. Since the project delay caused delay in COD / toll recovery the bankers have re-scheduled the repayment obligation and sanctioned additional loan of Rs.26.79 crores towards interest during construction period. As such there is no cost overrun and escalation on the EPC cost. Further, the company has received provisional certificate from Independent Engineer appointed by GSRDC to operate up to 53.659 KM from 13.05.2015. The Company has started Toll Collection w.e.f 16.05.2015. GSRDC has conveyed that the Extension of Time sought by is under consideration. In the mean time the project has got delayed beyond 31/12/2015. In which the company has to sought extension of time suitably as per letter dated 25.12.2015. In view of the same the GSRDC has to modify the Milestone / completion of work accordingly and to arrive a realistic project completion date.

Further, the company has received provisional certificate from Independent Engineer appointed by GSRDC to operate up to 53.659 KM from 13.05.2015. Accordingly, the Company has started to collect Toll Collection w.e.f 16.05.2015. However, during the year 2016-17 no work has been carried out, hence balance amount of intangible assets under development is not capitalised.

Balance work now started in month of January'18 and GSRDC has infused Rs. 74 Crores to complete the same.

Note 25: In the opinion of the management, the Current Assets, Loans and Advances and Current Liabilities are approximately of the value stated, if realised / paid in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

Note 26: Balance disclosed under advances and creditors are subject to reconciliation.

Note 27: Micro and small enterprises as defined under MSMED Act, 2006

There are no Micro and small scale business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 28: Contingent Liabilities

As Concession Agreement Article: 14.4.1: Damage liability may arise due to non-completion of Punch list with 90 days from dated of provisional certificated issued. (Provisional Certificated Dated: 13.05.2015). Lower of 0.1% of the Performance Security and 0.2% of the costs of completing such items as estimated by the Independent Engineer on per day basis, amounting to Rs. 300,45,600 (PY : 300,45,600). GSRDC has conveyed that the Extension of Time sought by is under consideration. In the mean time the project has got delayed beyond 31/12/2015. In which the company has to sought extension of time suitably as per letter dated 25.12.2015. In view of the same the GSRDC has to modify the Milestone / completion of work accordingly and to arrive a realistic project completion date.



Note 29: Related party Disclosure

The Company has undertaken following transactions with the related parties in terms of Accounting Standard – 18 "Related Party Disclosure":

Enterprise where control exist:	M/s.Valecha Engineering Ltd (VEL) (Holding Company)
Enterprise having significant influence :	M/s.PBA Infrastructure Limited (PBA)
Enterprise over which holding company having significant influence :	Valecha Infrastructure Limited Valecha Badwani Sendhwa Toll Ways Ltd Valecha LM Toll Pvt. Ltd.

The name of related parties with the nature of relationship

NATURE OF TRANSACTIONS:	Holding Company		Enterprise having significant influence		Enterprise over which holding company having significant influence	
	April 2018 to Mar 2019	April 2017 to Mar 2018	April 2018 to Mar 2019	April 2017 to Mar 2018	April 2018 to Mar 2019	April 2017 to Mar 2018
TRANSACTION DURING THE YEAR						
Expenses debited into Intangible Assets Under Development						
EPC Cost	20,95,00,673	5,29,83,907				
Advance given						-
Advance received back						-
Share Application Money Recd						
Promoters Contribution Recd.						
Short Term Borrowing						
Shares Allotted						
OUTSTANDING AT THE YEAR END						
LIABILITIES						
Sub-ordinate debt	58,45,11,542	58,45,00,000				
Creditors	4,56,76,548	1,98,34,758				
Short Term Borrowing						
ASSETS						
Mobilization Advance	5,38,34,002	5,38,34,002				
Material Advance	18,86,37,073	18,61,37,073				
Machinery Advance	12,38,84,659	12,38,84,659				
Other Advance	-	4,56,38,420			25,46,880	26,68,041



VALECHA KACHCHH TOLL ROADS LIMITED

(CIN: U45203MH2011PLC219600)

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Tel.: +91-22-26733625-29, Fax: +91-22-26733945

Date: 29-07-2019

M/s T R Chadha and Co LLP,
Chartered Accountants
502, Marathon Icon,
Off. Ganpatrao Kadam Marg,
Veer Santaji Marg,
Lower Parel, Mumbai – 400 013

Dear Sir(s),

Re: Statutory Audit as per Indian GAAP (IndAS) for the year ended March 2019

In connection with your audit of the financial statements of Valecha Kachchh Toll Roads Limited for the year ended March 31, 2019, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (IndAS) specified under Section 133 of the Company's Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. We acknowledge our responsibility for preparation of financial statements in accordance with the requirements of the Companies Act, 2013 including applicable Indian Accounting Standards referred to in Section 133 of the Act, other relevant acts and recognized accounting policies and practices as per Indian Generally accepted accounting principles (Indian GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

The Company has been awarded for construction, operation and maintenance of the Project Highway Built, Operate and Transfer (BOT) basis under the Concession Agreement dated 12th July 2011 from The Gujarat State Road Development Corporation Limited (GSRDC). The Concession Agreement is for a period of 20 years from appointed date. The company has awarded the contract for the aforesaid work to Valecha Engineering Limited for Rs. 400 Crore at arm's length price. The Project Milestone(s) / COD as per the Concession Agreement with GSRDC could not be achieved for reasons attributable to GSRDC. Accordingly the company has made representation to IE / GSRDC for extension of time. The GSRDC had vide their letter dated 22.04.2014 has extended the Schedule Construction Completion Date up to 30.06.2014. However, since the construction work could not be completed before the extended date, the company has made representation to GSRDC for extension of time up to 31.12.2015 and the company is hopeful of getting the extension of time. In view of the same, the company does not



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anticipate any demand from GSRDC for non- achievement of milestone(s)/construction completion date. Since the project delay caused delay in COD/toll recovery the bankers have rescheduled the repayment obligation and sanctioned additional loan of Rs.26.79 crores towards interest during construction period. As such there is no cost overrun and escalation on the EPC cost.

GSRDC has conveyed that the Extension of Time sought by is under consideration. In the meantime the project has got delayed beyond 31/12/2015. In which the company has to sought extension of time suitably as per letter dated 25.12.2015. In view of the same the GSRDC has to modify the Milestone / completion of work accordingly and to arrive a realistic project completion date.

Further, the company has received provisional certificate from Independent Engineer appointed by GSRDC to operate up to 53.659 KM from 13.05.2015. Accordingly, the Company has started to collect Toll Collection w.e.f 16.05.2015. On 13.05.2015 the Company has received PCOD for Section 1 for which revenue is being generated. PCOD for Section 2 is likely to be completed before December, 2019.

The project was stalled during 2016-17, but the construction has been started from January'18 onward to complete the balance work and GSRDC has sanctioned Rs. 74 Crores for the same as per sanction letter dated 24th Oct 2017, out of which a sum of INR 25 crores has been received and spent on road construction.

Further, estimated project costs of Rs. 469 crores has been increased to Rs. 523.63 crores as on 31st March 2019. Besides, due to the prolongation of Bhuj Bhachau road project, the Company has approached Hon'ble secretary, Road and Building department, Government of Gujarat and to the Managing Director, Gujarat State Road Development Corporation Ltd, Gujarat and put up a claim in excess of Rs 866.25/- Cr on 29/11/2018 for delay/no work/idling charges/mobilization/interest on GSRDC and company is hopeful of getting the claim. This claim will be enforced once COD 2 is complete

Further, the company is currently only in initial phase of operation after achieving of Partial COD from the client, where revenue is less due to partial tolling only at Toll Plaza Lakhond. Upon completion of full COD and both plazas being operational, the company believes that there will be an improvement in tolling revenues.

Given all the above circumstances, the management believes that the above circumstances are only temporary in nature and going forward the project will achieve its targeted project estimates and accordingly no impairment has been considered for the intangible assets being Toll Road Project.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:



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1. *Management's responsibilities*

We recognize that, as members of management of the Company, we are responsible for the fair presentation of its financial statements as per Indian Accounting Standard (IndAS). Being first year of IndAS financials, we have fulfilled our responsibilities for the preparation and presentation of the financial statements of financial position, results of operations and cash flows, as set out in the terms of audit engagement and, in particular, the financial statements are fairly presented in conformity with First time adoption and IndAS. We also believe that we have made all the required disclosures in Notes to the Financial Statements. We have made available to your representatives all financial records and related data.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

The financial statements are free of material misstatements, including omissions. The operations have been conducted based on the delegation of power as approved by the Board of Directors.

All the money received / paid has been recorded during the course of the business and no amount is left unrecorded or is wrongly entered.

2. *Unrecorded audit differences*

There are no unrecorded audit differences (including the effects of correcting or reversing prior year audit differences) relating to the current year financial statements.

3. *Minutes and contracts*

We have shown you all minutes of the meetings of shareholders and directors for the year ended March 2019 or summaries of actions of recent meetings for which minutes have not yet been prepared. We also have made available to you all significant contracts and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. We confirm that there are no minutes or agreements other than as shown to you.

4. *Internal control*

There are no transactions of a material nature, individually or in the aggregate, that have not been properly recorded in the accounting records underlying the financial statements.

There have been no significant changes in internal control since March 31, 2018.

5. *Risks and uncertainties*

There are no risks and uncertainties related to significant estimates and current vulnerabilities due to material concentrations that have not been disclosed.



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6. *Ownership and pledging of assets*

The Company has satisfactory title to all assets appearing in the balance sheet. No security agreements have been executed and there are no liens or encumbrances on assets, nor has any asset been pledged except as disclosed in the financial statements. All assets to which the Company has satisfactory title appear in the balance sheets.

The Company maintains the fixed assets register detailing all the assets as required. As per the policy, the company has conducted the physical verification of its fixed assets and no major deviation has been found between book record and physical record.

7. *Subordinate Debt*

The company has availed a subordinate debt aggregating to Rs. 58.45 crores as on 31st March 2019, from its holding company. The repayment of the same is based on the available cash flow after repayment of the entire secured loans to lenders and carries nil rate of interest.

8. *Current Assets and Liabilities*

The carrying amounts reported in the balance sheets for Cash and Bank Balances, Inventories, Accounts receivable, Current Loans and Advances, Accounts payable and accrued liabilities, Employee related payables and Other Short term liabilities is equivalent to their realizable value.

9. *Investments*

We have no investments in any of the companies including affiliates except stated in the financial statement. The Company has clear title to all its investments. There are no charges against the investments of the Company.

10. *Intangible assets*

There are no intangible assets as on the date of balance sheet except which has been stated in the financial statement.

11. *Intangible assets under development*

There is intangible asset of Rs. 206.97 crores is under development as on March 31, 2019.

12. *Related party transactions*

Transactions and relations with related parties, as defined in AS 18, amounts receivable or payable, including providing / receiving services, sales, purchases, loans, transfers, leasing arrangements and guarantees, etc. have been properly recorded and disclosed in the financial statements and are entered at arm's length.

The disclosures made in the financial statements are adequate having regard to the framework under which the financial statements have been drawn. We also confirm the completeness of the information provided regarding the identification of related parties.



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The list of related parties is as given below:

- (a) Parties where control exists:
 - (i) Holding (a) M/s Valecha Engineering Limited
- (b) Other related parties where transactions have taken place during the year:
Enterprises having significant influence: M/s PBA Infrastructure Limited
- (c) Enterprise over which holding company has significant influence:
M/s Valecha Badwani Sendhwa Toll Ways Limited
M/s Valecha Infrastructures Limited
M/s Valecha LM Toll Pvt. Ltd.

13. Contingent liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of, which are probable of assertion and must be disclosed other than those disclosed in the financial statements.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency other than those disclosed or accrued in the financial statements.

There have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could have a material effect on the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the balance sheets.

14. Oral or written guarantees

There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

15. Commitments

At March 31, 2019, the Company had no commitments, other than those reflected in financial statements.

16. Fraud

We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Company's internal control



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over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have disclosed to you all allegations of financial improprieties, including fraud or suspected fraud, coming to our attention (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”) where such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Company.

17. Independence and conflicts of interest

Based on inquiries we have made of our officers, directors and substantial stockholders, we are not aware of any business relationship between any such officer, director or substantial stockholder (or any entity for or of which such an officer or director acts in a similar capacity) and T R Chadha & Co LLP.

We are not aware of any reason that T R Chadha & Co LLP would not be considered to be independent for purposes of the Company’s audit.

There are no instances where any officer or employee of the Company has an interest in a company with which the Company does business that would be considered a “conflict of interest.” Such an interest would be contrary to Company policy.

18. Retirement benefits

As per management no liability for retirement benefit costs (Gratuity Provision) arises to the Company, as the employees work for short term basis on payroll, therefore compliances with the Ind AS – 19 on “Employees Benefits” is not applicable to the Company

19. Derivative Contracts

We confirm that there are no agreements that are binding in nature and resulting in identification of embedded derivatives.

20. Tax planning strategies

We have disclosed to you all significant tax planning strategies that were put in place during the current year or prior years that could materially affect the current year provision for income taxes, or the recorded amount of tax assets or liabilities.

21. Tax accounting methods

We recognize that we are responsible for the Company’s compliance with tax laws and regulations that are applicable to it. We have identified and disclosed to your representatives all significant methods of accounting used under the applicable jurisdictional tax laws and regulations that materially affect the determination of financial statement amounts. The tax provision has been made considering the deduction available under section 80 IA/IB.



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22. Subsequent events

Subsequent to March 31, 2019, no events or transactions have occurred or are pending, other than those disclosed in the notes to the financial statements, that would have a material effect on the financial statements at that date or for the period then ended, or that are of such significance in relation to the Company's affairs to require mention in a note to the financial statements in order to make them not misleading regarding the financial position, results of operations or cash flows of the Company.

23. Accounting policies

The accounting policies which are material or critical in determining the results of operations for the year or financial position are set out in the financial statements and are consistent. The accounting policies are drawn up in accordance with the generally accepted accounting policies in India.

24. Liabilities & provisions

We have accounted all known liabilities in the financial statements. However, in respect of accounts payables the company is in the process of obtaining confirmation / reconciliation from the parties.

Provision has been made in the accounts for all known losses and claims of material amounts.

25. Cash & Bank Balances

The cash & Bank balance of the company as at 31.03.2019 was Rs. 6.84 crore. All the bank accounts have been reconciled at the year end and entries are properly recorded. All the cheques deposited in the banks and outstanding as on March 31, 2019 were duly cleared subsequently.

26. Revenue on Toll Collection

The toll collection from users of facility is accounted for as and when the amount is due and recovery is certain. The company has proper internal control system for recognition of toll revenue.

27. Others

- The company has not granted, secured or unsecured loans to companies, firms and other companies, or other parties listed in the register maintained under Section 189 of the Companies Act, 2013.



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- During the financial year 2018-19, the company has not accepted any public deposits.
- The company has not defaulted in repayment of dues to any financial institutions or bank except disclosed in audit Report and in financial statement.
- The company has not defaulted in payment of deposit, loan and interest thereon and accordingly the directors of the company are not restricted from being appointed as a director in terms of sub-section (2) of section 164 of the Company's Act.
- No expenses of personal nature (other than those payable under contractual obligations or in accordance with generally accepted business practice) and / or not related to the Company's business have been charged to the Company's accounts.
- There are no undisputed amounts payable in respect of Wealth tax, Service tax, Interest tax, Sales tax, Customs duty, Excise duty and Cess outstanding as at the year end for a period of more than 6 months from the date they became payable during the year. There are no disputed / contingent liabilities against income tax / sales tax / wealth tax / service tax / customs duty / Excise Duty / GST/ cess other than those which are stated in notes to accounts.
- All legal requirements regarding agreements relating to the Rent, Security, deposits, Lease and hire purchase have been complied with.
- The maintenance of cost records is not applicable as prescribed by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013.
- The financial statements and appended notes thereto, include all material disclosures necessary for these accounts to show a true and fair view of the state of affairs and the results of operations of the Company and disclosures required to be made therein under the Companies Act, 2013 / respective accounting standards and are free of material misstatements, including omissions.
- All events subsequent to the Balance Sheet date have been fully considered in preparing the accounts and no other matter has come to our attention up to the time of signing this letter which would materially affect the accounts and the related disclosures for the year ended 31.03.2019.
- We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
- There are no contracts or arrangements entered during the year which needs to be entered in the register required to be maintained under Section 189 of the Companies Act, 2013.
- No director of the Company is holding any office or place of profit, without the consent of the Company accorded by a special resolution. Also, no partner or relative of such director, no firm in which such director, or a relative of such director, is a partner, no private company of which such director is a director or member, and no director or manager of such a private company, is holding any office or place of profit.



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- There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- Loans and advances made by the Company have not been shown as deposits.
- The Company is regular in depositing provident fund dues with the appropriate authorities. The employees of the Company are not covered under Employees State Insurance Scheme.
- None of the directors is disqualified as on 31.03.2019 from being appointed as director in terms of sub section (2) of section 164 of the companies Act, 2013.
- There were no pending litigations which would impact the financial position of the company.
- The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- The company is not a Nidhi Company
- The Company has not entered into any transaction in respect of loans, investments, guarantee and security which attracts compliance to provisions of section 185 & 186 of the Companies Act, 2013
- There is a capital commitment of Rs. 40.65 Crores at the end of the year as disclosed in the financial statement.
- Fixed assets have been physically verified by the management in phased manner. No material discrepancies were noted on such verification.
- Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- The company has not entered into any non-cash transaction with directors or persons connected with him.
- Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- Further we confirm that we have complied with all relevant guidelines/notifications issued by Reserve Bank of India from time to time in respect of holding and dealing with Specified



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- Bank Notes, and that the company had proper controls, system and procedures in place for such compliances.
- The company has designed, implemented and maintained the 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 Companies Act, 2013.
- The company has not carried out the internal audit during the year 2018-19.
- There were no pending litigations which would impact the financial position of the company other than those disclosed in the financials.
- The company has paid of Rs. 50,000 vide Ch No. 896555 Dt. 20.07.13 Fixed Deposit in Canara Bank in Favour of Assistant Commissioner of Commercial Tax, Bhuj, Gujarat A/c Valecha Kachchh Toll Roads Ltd for 36 Months. However, the company does not have any supporting documents for the same.
- The company has not paid the interest on statutory liability related to WCT of Rs. 1.56 Lac for more than 3 years as on 31.03.2019.
- Amount payable to GSRDCL of Rs. 26.15 crores, Civil Solution of Rs. 15.41 Lakh, Rites Limited of Rs. 30.99 Lakh, Vaan Infra of Rs. 40.61 Lakh are pending since long as on 31.03.2019.
- Independent Engineer Reimbursement payable of Rs. 57,00,000 pending since long.
- Management has given loan amounting to Rs. 36.64 Crores to VEL (Holding Company). Of which relates to Rs. 5.38 crores for Machinery Advance, Rs. 18.61 crores for Material Advance and Rs. 12.39 crores for Mobilization Advance, however same has not been recovered till 31.03.2019. Further, there is no interest has been charges on the said loan.
- The company has taken loan from Holding company of Rs. 58.45 cores. Repayment of which shall not be made unless the advance is adjusted and subject to terms and condition from where company has taken bank loans.
- Recoverability of advance given to VEL Rs. 36.64 crores as on 31.03.2019.
- For other group company / associate amounting to Rs. 0.25 crores as on 31.03.2019. (Valecha Infrastructures Ltd Assets of Rs. 0.22 crore, Valecha Badwani Sendhwa Toll Ways Ltd of Rs. 0.02 crore , and Valecha LM Toll Private Limited of Rs. 0.01 crore)
- During the year as per reconciliation of Group Company an amount of Rs. 4.14 Lakh is not recoverable, hence, written off as per management approval.
- Due to toll collection increased during the year as compared to previous year, hence in current year there is no impairment of assets.



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- During the year Forensic audit has been carried out by other firm as appointed by bank, but report for the same is not shared with auditor. Also, not access noting for the same, hence, auditor cannot comments on the same.
- On few of payment related to vehicle hired and Crain hired on which TDS was not deducted at time of payment but not the same has been deducted and paid with interest.

We do hereby also certify that all the condition of the concessionaire agreement with GSRDC is being fulfilled by the company and there is no dispute with GSRDV which can affect the financial position of the Company.

We understand that your audits were conducted in accordance with the Indian generally accepted auditing standards and were, therefore, designed primarily for the purpose of expressing an opinion on the financial statements of the Company taken as a whole, and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,

For, Valecha Kachchh Toll Roads Limited

Santosh Kumar Patro
Santosh Kumar Patro
(Director)
DIN: 07571177



S. M. Dalvi
Sandesh Dalvi
(Director)
DIN: 07571178