

VALECHA ENGINEERING LIMITED
(AN ISO 9001 - 2015 COMPANY)



Ref: VEL/20-21/

15.09.2020

BSE LIMITED P. J. TOWERS, DALAL STREET, MUMBAI – 400 001 SCRIP CODE 532389	NATIONAL STOCK EXCHANGE OF INDIA LIMITED Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 VALECHENG
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Subject: Outcome of Board Meeting held on September 15 2020 - Unaudited Standalone & Consolidated Financial Results of the Company for the Quarter ended June 30. 2020

Ref Our Letter No. VEL/20-21 DATED 31.08.2020

We wish to inform you that at the Board Meeting held today i.e. on September 15 2020, the Board of Directors of the Company approved the Unaudited Standalone & Consolidated Financial Results of the Company for the quarter ended June 30, 2020.

Pursuant to Regulation 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements), 2015, we are enclosing herewith the following:

1. Unaudited Standalone Financial Results of the Company for the quarter ended June 30, 2020;
2. Unaudited Consolidated Financial Results of the Company for the quarter ended June 30, 2020;
3. Independent Auditor's Review Report issued by M/s. Bagaria & Co. LLP Statutory Auditors of the Company on Unaudited Standalone & Consolidated Financial Results for the quarter ended June 30, 2020.,

The meeting of the Board commenced at 3.30 p m and concluded at 11.30 p.m.

Kindly take note of the same

Thanking you,
Yours faithfully,

FOR VALECHA ENGINEERING LIMITED


(VIJAYKUMAR MODI)
COMPANY SECRETARY & LEGAL
Encl: As above



VALECHA ENGINEERING LIMITED



(An ISO 9001-2015 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 UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2020

(₹ in Crores) Except EPS

Sr. No.	PARTICULARS	For the quarter ended on			For the year ended on
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Income				
	(a) Revenue from Operations	13.61	61.76	57.67	207.89
	(b) Other Income	1.21	0.50	1.46	5.70
	Total Income	14.82	62.26	59.13	213.59
2	Expenses				
	a. Construction Expenses	13.24	59.38	60.01	195.84
	b. Changes in inventories	0.34	(0.06)	(4.92)	0.72
	c. Employees Benefits Expense	1.07	2.84	1.54	7.75
	d. Finance costs	0.01	0.55	0.24	0.90
	e. Depreciation and amortization Expenses	0.41	0.17	0.67	2.11
	f. Other Expenses	0.48	1.16	1.02	4.62
	Total Expenses	15.55	64.04	58.57	211.94
3	Profit / (Loss) before share of net profit/(loss) of an associate/ a joint venture and Exceptional Items (1-2)	(0.74)	(1.78)	0.56	1.65
4	Share of net profit/(loss) of an associate/ a joint venture	-	-	-	-
5	Profit / (Loss) before Exceptional Items and tax (3+4)	(0.74)	(1.78)	0.56	1.65
6	Exceptional Items	-	-	-	-
7	Profit / (Loss) before tax (5-6)	(0.74)	(1.78)	0.56	1.65
8	Tax Expense				
	(a) Current Tax (Including earlier year taxation)	(0.04)	-	-	-
	(b) Deferred tax	-	-	-	-
9	Profit / (Loss) for the Period (7-8)	(0.70)	(1.78)	0.56	1.65
10	Other Comprehensive Income (OCI)				
	(a) i. Items that will not be reclassified to profit or loss	(0.05)	0.18	(0.05)	0.01
	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	0.15	1.12	(0.15)	1.71
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Total Other Comprehensive Income	0.10	1.30	(0.20)	1.72
11	Total Comprehensive Income for the period (9+10)	(0.60)	(0.48)	0.36	3.37
12	Net Profit/(Loss) attributable to :				
	Shareholders of the Company	-	-	-	-
	Non-Controlling Interest	-	-	-	-
13	Other Comprehensive Income attributable to :				
	Shareholders of the Company	-	-	-	-
	Non-Controlling Interest	-	-	-	-
14	Total Comprehensive Income attributable to :				
	Shareholders of the Company	-	-	-	-
	Non-Controlling Interest	-	-	-	-
15	Paid-up Equity Share Capital (Face Value ₹ 10/-)	22.53	22.53	22.53	22.53
16	Other Equity Excluding Revaluation Reserves				12.47
17	Earning Per Share (of ₹ 10/- each) (not annualised):				
	(i) Basic earnings (loss) per share	(0.31)	(0.79)	0.25	0.73
	(ii) Diluted earnings (loss) per share	(0.31)	(0.79)	0.25	0.73
	See accompanying note to the Financial Results				



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2020

Sr. No.	PARTICULARS	Consolidated			
		For the quarter ended on			For the year ended on
		30.06.2020 (Unaudited)	31.03.2020 (Audited)	30.06.2019 (Unaudited)	31.03.2020 (Audited)
1	Income				
	(a) Revenue from Operations	19.63	68.16	64.97	240.36
	(b) Other Income	1.29	0.74	1.46	5.95
	Total Income	20.92	68.90	66.43	246.31
2	Expenses				
	a. Construction Expenses	13.10	59.35	57.87	195.81
	b. Changes in inventories	0.34	(0.06)	(4.92)	0.72
	c. Employees Benefits Expense	1.46	3.26	1.93	9.47
	d. Finance costs	44.46	39.30	32.30	142.07
	e. Depreciation and amortization Expenses	9.10	8.81	9.39	36.88
	f. Other Expenses	9.20	3.89	4.23	17.86
	Total Expenses	77.66	114.55	100.80	402.81
3	Profit / (Loss) before share of net profit/(loss) of an associate/ a joint venture and Exceptional Items (1-2)	(56.74)	(45.65)	(34.37)	(156.50)
4	Share of net profit/(loss) of an associate/ a joint venture	-	(0.00)	-	(0.00)
5	Profit / (Loss) before Exceptional Items and tax (3+4)	(56.74)	(45.65)	(34.37)	(156.50)
6	Exceptional Items	-	-	-	-
7	Profit / (Loss) before tax (5-6)	(56.74)	(45.65)	(34.37)	(156.50)
8	Tax Expense				
	(a) Current Tax (Including earlier year taxation)	(0.04)	-	-	-
	(b) Deferred tax	-	-	-	-
9	Profit / (Loss) for the Period (7-8)	(56.70)	(45.65)	(34.37)	(156.50)
10	Other Comprehensive Income (OCI)				
	(a) i. Items that will not be reclassified to profit or loss	(0.05)	0.18	(0.05)	0.01
	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	0.15	1.12	(0.15)	1.71
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Total Other Comprehensive Income	0.10	1.30	(0.20)	1.72
11	Total Comprehensive Income for the period (9+10)	(56.60)	(44.35)	(34.57)	(154.78)
12	Net Profit/(Loss) attributable to :				
	Shareholders of the Company	(39.70)	(31.89)	(21.66)	(103.55)
	Non-Controlling interest	(17.00)	(13.77)	(12.71)	(52.96)
13	Other Comprehensive Income attributable to :				
	Shareholders of the Company	0.10	1.30	(0.20)	1.72
	Non-Controlling interest	-	-	-	-
14	Total Comprehensive Income attributable to :				
	Shareholders of the Company	(39.60)	(30.59)	(21.86)	(101.83)
	Non-Controlling interest	(17.00)	(13.77)	(12.71)	(52.96)
15	Paid-up Equity Share Capital (Face Value ₹ 10/-)	22.53	22.53	22.53	22.53
16	Other Equity Excluding Revaluation Reserves	-	-	-	(798.71)
17	Earning Per Share (of ₹ 10/- each) (not annualised):				
	(i) Basic earnings (loss) per share	(25.17)	(20.26)	(15.26)	(69.46)
	(ii) Diluted earnings (loss) per share	(25.17)	(20.26)	(15.26)	(69.46)
	See accompanying note to the Financial Results				



Notes to the Unaudited Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2020:

1. The above Unaudited Financial Results were reviewed and recommended by the Audit Committee and approved by the Board of Directors at the meeting held on September 15, 2020.
2. This result has been prepared in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015.
3. The Company is engaged in "Construction Activity" and there are no other reportable segments under Ind AS 108 "Operating Segments".
4. a) The Company has not evaluated impairment provisions for expected credit losses (ECL) as required under Ind AS 109 "Financial Instruments" in relation to investments made Rs.2.16 crore in three subsidiary companies and Rs.0.07 Cr in two associate companies, loans and advances given Rs.200.62 crores to three subsidiary companies and two step-down subsidiary companies, and extended Corporate Guarantees aggregating to Rs.410.57 crores to its one Subsidiary company and two Step-down Subsidiary companies whose net-worth is completely eroded on account of continued losses incurred in the past. In view of the primary security already provided by the Subsidiaries and step down subsidiary companies, the Settlement proposals being pursued by the Management, the Company has not provided for any further liability towards Impairment of Loans & Advances and Investment in Subsidiaries.

b) The Company has issued financial guarantee to various Banks/Financial Institutions on behalf of one subsidiary and two step down subsidiaries as per terms of sanction for the borrowing facilities issued by Banks/ Financial Institutions aggregating to Rs.410.57 crores. The Company has charged commission for providing corporate guarantee to the subsidiaries and same is recognised during the financial year 2016-17 and 2017-18, but from 1st April, 2018, considering the weak financial position of the subsidiary and two step down subsidiaries, the Company has decided not to charge further commission against the Corporate Guarantee.
The Company has also not done any fair valuation of its Corporate guarantees issued without consideration as per the requirements of Ind AS 109 & Ind AS 113, for the reasons mentioned above.

c) The Company has neither evaluated any impairment provisions for expected credit losses (ECL) as required under Ind AS 109 "Financial Instruments" nor made any fair valuation as per the requirements of Ind AS 113 "Fair Value Measurements" in respect of its Investment made of Rs. 39.84 crores, loan given of Rs. 73.46 crores, and Corporate Guarantees extended of Rs. 696.61 crores as at June 30, 2020 in respect of its one subsidiary (other than subsidiary referred in point a) above). The net-worth of the subsidiary is completely eroded and it continues to incur losses. The Subsidiary Company has filed a claim on its customer for Rs. 1373.70 crores and is expected to repay/settle all dues.

d) The financial statement of one of its associate company is not available as its accounts are not finalised. Based on the discussion with respective management, we do not foresee any material impacts on the financial result of the Company.



5. The Company has not evaluated expected credit losses for long outstanding Trade Receivables of Rs. 221.08 crores which includes Rs. 100.34 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under consideration and deliberation 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 associate company) amounting to Rs. 6.57 crores and to others amounting to Rs. 150.86 crores as at 30th June, 2020 as it expects to recover the same in the time to come and hence has not made any provision for the same.
6. The Company's borrowing facilities with various banks/financial institutions and NBFC's have continued to remain under NPA classification. The Company has not provided for regular interest estimated at Rs.24.36 crores for the quarter ended 30th June, 2020 and Rs. 191.80 crore being estimated cumulative regular interest from 1st April, 2018 till 30th June, 2020 respectively, on its various borrowings, as it expects certain relief 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.
The Company has also not provided Interest on its outstanding payments to its Vendors registered under MSME.
Further, the Company has also not provided for interest of Rs. 2.85 Crores as on 30th June, 2020, which may arise on delayed payment of TDS.
7. The Company has not repaid deposits (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs.30.73 crores as at June 30, 2020 as per the contractual terms. Pursuant to the NCLT order dated 03.04.2019, 11.06.2019, 22.08.2019, 14.11.2019, 26.05.2020 and in terms of NCLAT order dated 12.02.2020 the matter has since been subjudiced. As per these orders, the proceeds from Canara Bank and refunds from Income Tax department will be exclusively utilized for repayment of deposits to deposit holders.
8. Other Current Assets as at June 30, 2020 includes Rs 33.90 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of such amounts.
9. The Company has sixteen 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 quarter ended 30th June, 2020. Movement in accounts of such project sites, if any, is on account of balances being written off/written back and payments / receipts being made by the Head Office division in relation to assets / liabilities of such project sites. Such Project Sites comprises total assets of Rs. 92.04 crores [including Trade Receivables Rs. 78.65 crores and loans to other parties Rs. 4.30 crores referred in point 5 above, balances with revenue



authorities of Rs. 7.32 crores referred in point 8 above and total liabilities of Rs. 42.19 crores as at 30th June, 2020.

10. 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 results are prepared assuming that it will continue as going concern.
11. As per MCA Notification dated 12/09/2018, the Company has to obtain Secured Lenders approval for payment of remuneration to managing/ whole time director. The Company is in the process of one time settlement (OTS) with secured lenders and which are expected to be concluded in due course. Pending the aforesaid OTS settlement, recovery of managerial remuneration of Rs.3.08 Crores pertaining to earlier years in terms of special resolution passed by the members in the Annual General meeting has been kept in abeyance.
12. 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 who was subsequently confirmed and appointed as Resolution Professional by COC. Pursuant to the said order of Hon'ble NCLT and in line with the provisions of the IBC, presently all the powers of the Board of Directors are vested with the Resolution Professional ("RP") during the CIRP period. As the company was admitted into CIRP on 01-04-2019 and the continuity of the business as going concern is underlying principle under this process. Hence the financial statements have been prepared assuming that the company will continue as going concern. No adjustments are, hence, made in the financial statement that might result from the outcome of this uncertainty. Furthermore, the Company has been referred to Hon'ble NCLT, Mumbai for order for liquidation with recommendation of the Committee of Creditors that the liquidator may first explore sale of the corporate debtor as a going concern. The Resolution Professional has provided his consent to act as Liquidator. The matter is pending adjudication as on the date of this unaudited financial result.

VIL has not impaired its Non-Current Investments of Rs. 7.40 Crores in the equity shares of VLMTPL and Rs.37.31 crores in Compulsory Convertible Debentures and has consolidated the unaudited accounts of VLMTPL 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. 255.74 crores to the lenders of VLMTPL.

13. Specific notes related with Subsidiary Companies:

a) Valecha Reality Limited(VRL)

- i. VRL has given a loan amounting to Rs 6.51 crores to M/s SVK Arcade LLP which is long outstanding in the Books of Accounts. VRL is not recognizing & receiving any interest on such loan and has neither made any provision for the loan amount outstanding.



ii. VRL has received loans from Valecha Engineering Limited ("VEL") and Valecha Infrastructure Ltd ("VIL") to the tune of Rs. 0.28 Crores and Rs. 6.52 Crores respectively. VRL has not paid any interest on the same nor has it made any provisioning of the interest payable. VEL has not recovered any interest in view of already weak financial position of VRL. Similarly, VRL has also not recovered any interest amount from VIL in view of already weak financial position of VIL.

b) Valecha Kachchh Toll Roads Limited (VKTRL)

VKTRL continues to prepare its Financial Statements on going concern basis even though it has continued to incur significant losses for the quarter ended 30th June, 2020 and in previous financial years. It has also continued to default in repayment of its financial obligation including interest and the construction of balance work is going at very slow pace, resulting in 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, 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 March 2021. VKTRL has also put an enhanced claim of Rs. 1373.70 Crores (claim till 31/03/2019 Rs.866.25 crores) on GSRDC till March 2020 and is hopeful of getting the same.

14. Consolidated results for the quarter ended 30th June, 2020 and Year ended 31st March, 2020 includes results of following Subsidiaries and Associate Companies:

Sr. No.	Name of Company	Relation
1	Valecha Infrastructure Limited	Wholly Owned Subsidiary Company
2	Professional Realtors Private Limited	Wholly Owned Subsidiary Company
3	Valecha International (FZE)	Wholly Owned Subsidiary Company
4	Valecha Badwani Sendhwa Tollways Limited	Step-Down Subsidiary Company
5	Valecha LM Toll Private Limited	Step-Down Subsidiary Company
6	Valecha Kachchh Toll Roads Limited	Subsidiary Company
7	Valecha Realty Limited	Associate Company

In case of Valecha LM Toll Private Limited, Resolution Professional has been appointed and the suspended directors are not authorised to approve the results. Consent of Resolution Professional has been obtained to include the results on a provisional basis pending the review of Resolution Professional.

In case of Valecha International FZE, Holding Company's Management certified results have been considered for consolidation.

The Company could not consolidate financial results of "Aryavrat Tollways Private Limited", an Associate Company, as it has not yet received its results. The Company has not consolidated financial results of this associate company in the previous year also.

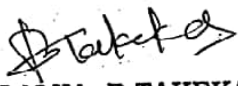
15. The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments.



16. The outbreak of COVID-19 pandemic had disrupted regular business operations of the Company due to the lock down restrictions and other emergency measures imposed by the Government from time to time. The business operations have recommenced on a limited scale post relaxation of lockdowns. The management has taken into account the possible impacts of known events, upto the date of the approval of these financial results, arising from COVID-19 pandemic on the carrying value of the assets and liabilities as at 30th June 2020. However, there exists significant estimation uncertainty in relation to the future impact of COVID-19 pandemic on the Company and, accordingly, the actual impact in the future may be different from those presently estimated. The Company will continue to monitor any material change to the future economic conditions and consequential impact on the financial results.
17. The figures of the quarter ended March 31, 2020 as reported in these standalone financial results are the balancing figures between audited figures for the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures upto the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.
18. The previous period's figures have been re-grouped/ re-classified wherever required to conform to current period's classification. All figures of financials are stated as Rs. in Crores except otherwise stated.



FOR VALECHA ENGINEERING LIMITED


(LALNA B TAKEKAR)
DIRECTOR
DIN: 08111805

LIMITED REVIEW REPORT

**To The Board of Directors of
Valecha Engineering Limited**

1. We have reviewed the unaudited standalone financial results of **Valecha Engineering Limited** ('the Company') for the quarter ended June 30, 2020 which are included in the accompanying 'Unaudited Standalone Statement of Financial Results for the quarter ended June 30, 2020' together with the notes thereon (hereinafter referred to as the "Standalone Statement"). The Standalone Statement has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialed by us for identification purposes.
2. This Standalone Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Standalone Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Standalone Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4.
 - i. The Company has not evaluated impairment provisions for expected credit losses (ECL) as required under Ind AS 109 "Financial Instruments" in relation to following Investments made, loans and advances given and Corporate Guarantees extended to its Subsidiaries, Step-Down Subsidiaries and Associate Companies whose net-worth is completely eroded on account of continued losses incurred in the past:
 - Loans & advances aggregating to Rs. 200.62 crores given to its three subsidiary companies and two step-down subsidiary companies;
 - Investments aggregating to Rs. 2.16 crores in its three subsidiary companies and Rs. 0.07 crores in two associate companies;
 - Corporate Guarantees aggregating to Rs. 410.57 crores to Banks on behalf of one Subsidiary company and two Step-down Subsidiary companies.
 - ii. We draw attention to Note No. 6 to the Standalone Statement, wherein the Company has not provided for regular interest payable to banks estimated at Rs. 24.36 Crores for the quarter ended 30th June, 2020 and Rs. 191.80 crores being estimated cumulative regular interest from April 1, 2018 till 30th June, 2020 as it expects certain relief in view of the proposed One Time Settlement plan being pursued by the Management.



- iii. The Company has also not provided for estimated cumulative interest of Rs. 2.85 crores which may arise towards delayed payment of dues towards tax deducted at source as on 30th June 2020.

Had the Company made provision towards:

- impairment of Investments, loans and advances and Corporate Guarantees as referred to in point (i) above;
- estimated regular interest payable to banks for the quarter ended 30th June, 2020 and cumulative period from 1st April, 2018 till 30th June, 2020 as referred to in point (ii) above; and
- cumulative interest on delayed payment of dues towards Tax deducted at Source upto 30th June, 2020 as referred to in point (iii) above

the Company's total comprehensive income / (loss) for the quarter ended 30th June, 2020 would have been Rs. (24.96) crores and retained earnings as at 30th June, 2020 would have been Rs. (949.60) crores.

- iv. The Company has also not done any fair valuation of its Corporate guarantees referred to in point (i) above nor has recognized guarantee fees/commission during the period in relation to such Corporate guarantees issued without consideration as per the requirements of Ind AS 109 & Ind AS 113.

In the absence of any further detailed information, we are unable to comment upon the resultant impact, if any, on the net results for the quarter ended 30th June, 2020, which may arise on account of fair valuation adjustment of referred Corporate guarantees.

- v. The Company has neither evaluated any impairment provisions for expected credit losses (ECL) as required under Ind AS 109 "Financial Instruments" nor made any fair valuation as per the requirements of Ind AS 113 "Fair Value Measurements" in respect of its Investment made of Rs. 39.84 crores, loan given of Rs. 73.46 crores, and Corporate Guarantees extended of Rs. 696.61 crores as at June 30, 2020 in respect of its one subsidiary (other than subsidiary referred in point (i) above). The net-worth of the subsidiary is completely eroded and it continues to incur losses. The Subsidiary Company has submitted an enhanced claim to its client for Rs. 1373.70 crores (Claim Till 31/03/2019 – Rs 866.25 crores) and expects to recover such claim amount and consequently repay/settle all its dues. However, in view of the uncertainty involved over receipt of the claim amount and consequent repayment of all its dues, we are unable to comment upon the need for impairment provisions and the impact of fair valuation adjustments, if any, which may be required and the resultant impact on the net results for the quarter, if any.
- vi. We draw attention to Note No. 5 to the Standalone Statement, the Company has not evaluated expected credit losses for long outstanding Trade Receivables of Rs. 221.08 crores which includes Rs. 100.34 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under consideration and deliberation before various authorities.

The Company has also not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans given to related parties amounting to Rs. 6.57 crores and to other than related parties amounting to Rs. 150.86 crores as at June 30, 2020.

In absence of any detailed information regarding the recoverability of such loans, third party confirmation/reconciliations for such trade receivables and loans & advances, we are unable to



comment upon the recoverability and corresponding impact of impairment on the net results for the quarter ended 30th June, 2020.

- vii. The Company has not also provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings in view of the proposed One-time settlement plan being pursued by the Management. The Company has also not provided Interest on outstanding payments to Vendors registered under MSME.

In absence of detailed computation of penal interest for default in repayment of Borrowings and interest for delayed payments to vendors registered under MSME we are unable to comment on its resultant impact on the net results for the quarter ended 30th June, 2020.

- viii. We draw attention to Note No. 7 to the Standalone Statement, the Company has not repaid fixed deposits from deposit holders (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.73 crores outstanding as at 30th June, 2020 as per the contractual terms. Pursuant to the NCLT order dated 03.04.2019, 11.06.2019, 22.08.2019, 14.11.2019 and 26.05.2020 and in terms of NCLAT order dated 12.02.2020 the matter has been subjudiced. As per these orders, the proceeds from Canara Bank and refunds from Income Tax department will be exclusively utilized for repayment of deposits to deposit holders. The Company has also not provided for regular interest on such deposits for the F.Y. 2017-18, F.Y.2018-19, FY 2019-20 and for quarter ended 30th June, 2020 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 for the quarter ended 30th June, 2020

- ix. We draw attention to Note No. 8 to the Standalone Statement, where the Company has stated that Other Current Assets as at June 30, 2020 includes Rs 33.90 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. However, in view of unavailability of updated information on status of such assessments, we are unable to comment upon the resultant impact, if any on net results for the quarter ended 30th June, 2020.

- x. We draw attention to Note No. 9 to the Standalone Statement, where the Company in relation to its sixteen 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 quarter. Movement in accounts of such project sites, if any, is on account of balances being written off/written back and payments / receipts being made by the Head Office division in relation to assets / liabilities of such project sites.

Such Project Sites comprises total assets of Rs. 92.04 crores [including Trade Receivables Rs. 78.65 crores and loans to other parties Rs. 4.30 crores referred in point (vi) above, balances with revenue authorities of Rs. 7.32 crores referred in point (ix) above] and total liabilities of Rs. 42.19 crores as at 30th June, 2020. In view of unavailability of information, we are unable to comment upon the resultant impact, if any on net results for the quarter ended, had the said units been reviewed by us.

- xi. 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 ended,



accumulated losses, assets and liabilities as at the quarter ended 30th June, 2020, the amounts whereof are presently not ascertainable.

- xii. 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 ended, accumulated net results, liabilities as at the quarter end, the amounts whereof are presently not ascertainable.

The matters stated above were also subject matter of qualification in our audit opinion on the standalone financial results for the quarter and year ended March 31, 2020.

The matters stated except point (ix) above were also subject matter of qualification in our review conclusion on the standalone financial results for the quarter ended June 30, 2019.

Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the effects/possible effects of the matters described in paragraph 4, nothing has come to our attention that causes us to believe that the accompanying Standalone Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the Ind AS 34 prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Material Uncertainty Related to Going Concern:

We draw attention to Note No. 6 & Note No. 10 to the Standalone 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 6 & Note No. 10, 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 standalone financial results of the Company have been prepared on a going concern basis for the reasons stated in Note No.10 to the Standalone Statement.

6. Emphasis of matter:

- a. We draw attention to Note no. 11 to the Standalone Statement, as per MCA Notification dated 12/09/2018, the Company has to obtain Secured Lenders approval for payment of remuneration to managing/ whole time director. The Company is in the process of one-time settlement (OTS) with secured lenders and which are expected to be concluded in due course. Pending the aforesaid OTS settlement, recovery of managerial remuneration of Rs.3.08 Crores pertaining to earlier years in terms of special resolution passed by the members in the Annual General meeting has been kept in abeyance.
- b. We draw your attention to Note no. 16 to the Standalone Statement which explains the Management's assessment of the financial impact due to the lockdown and other restrictions related to the Covid-19 pandemic situation and that the actual impact in the future may be different from those presently estimated due to significant uncertainties involved.

Our conclusion is not modified in respect of the above matter.

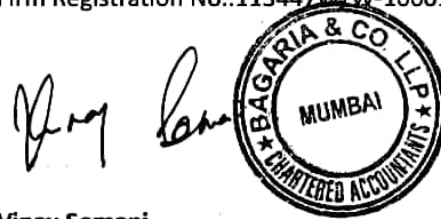


7. Other matter:

Attention is drawn to the fact that the figures of the quarter ended March 31, 2020 as reported in these standalone financial results are the balancing figures between audited figures for the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures upto the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

Our conclusion is not modified in respect of the above matter.

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



Vinay Somani
Partner
Membership No. 143503
UDIN: 20143503AAAKY2737

Place: Mumbai
Date: September 15, 2020

LIMITED REVIEW REPORT

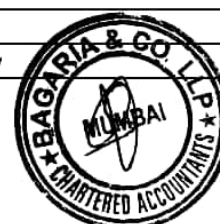
**To The Board of Directors
Valecha Engineering Limited**

1. We have reviewed the unaudited consolidated financial results of Valecha Engineering Limited (hereinafter referred to as the "Holding Company") and its subsidiaries and associates (the Holding Company, its subsidiaries and its associates together referred to as "the Group") for the quarter ended June 30, 2020 which are included in the accompanying 'Unaudited Consolidated Statement of Financial Results for the quarter ended June 30, 2020 together with the notes thereon (herein after referred to as the "Consolidated Statement"). The Consolidated Statement is being submitted by the Holding Company pursuant to the requirements of Regulations 33 of the SEBI (Listing, Obligations and Disclosure requirements) Regulations, 2015 ('Listing regulations'), which has been initialled by us for identification purposes.
2. This Consolidated Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" (IND AS "34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Consolidated Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is limited primarily to inquiries of Holding Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. Accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.
5. The Statement includes the results of the following entities:

Sr. No.	Name of Company	Relation
1	Valecha Infrastructure Limited	Wholly Owned Subsidiary Company
2	Professional Realtors Private Limited	Wholly Owned Subsidiary Company
3	Valecha International (FZE)	Wholly Owned Subsidiary Company
4	Valecha Badwani Sendhwa Tollways Limited	Step-Down Subsidiary Company
5	Valecha LM Toll Private Limited	Step-Down Subsidiary Company
6	Valecha Kachchh Toll Roads Limited	Subsidiary Company
7	Valecha Realty Limited	Associate Company

The Statement does not include the result of following Company:

S. No.	Name of Company	Relation
1	Aryavrat Tollways Pvt. Ltd	Associate Company



6. i. We draw attention to Note No. 12 to the Consolidated Statement, Valecha LM Toll Private Limited (VLMTP), 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. IRP was appointed as Resolution Professional by COC and company is under IP process.

In view of the pendency / ongoing resolution 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 results of which are not consolidated by the management. Further, in the absence of detailed information and financial results, 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 quarter ended 30th June, 2020, if any.

- ii. We draw attention to Note No. 6 to the Consolidated Statement, wherein the Holding Company has not provided for regular interest payable to banks estimated at Rs. 24.36 Crores for the quarter ended 30th June, 2020 and Rs. 191.80 crores being estimated cumulative regular interest from April 1, 2018 till 30th June, 2020 as it expects certain relief in view of the proposed One Time Settlement plan being pursued by the Management.
- iii. The Holding Company has also not provided for estimated cumulative interest of Rs. 2.85 crores which may arise towards delayed payment / non-payment of dues towards tax deducted at source as on 30th June 2020.

Had the Holding Company made provision towards:

- estimated regular interest payable to banks for the quarter ended 30th June, 2020 and cumulative period from 1st April, 2018 till 30th June, 2020 as referred to in point (b) above; and
- cumulative interest on delayed payment of dues towards Tax deducted at Source upto 30th June, 2020 as referred to in point (c) above

the Group's total comprehensive income / (loss) for the quarter ended 30th June, 2020 would have been Rs. (63.96) crores and retained earnings as at 30th June, 2020 would have been Rs. (1415.84) crores.

- iv. We draw attention to Note No. 5 to the Consolidated Statement, the Holding Company has not evaluated expected credit losses for long outstanding Trade Receivables of Rs. 221.08 crores which includes Rs. 100.34 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities.

The Holding Company has also not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans given to related parties amounting to Rs. 6.57 crores and to other than related parties amounting to Rs. 150.86 crores as at June 30, 2020.



In absence of any detailed information regarding the recoverability of such loans, third party confirmation/reconciliations for such trade receivables and loans & advances, we are unable to comment upon the recoverability and corresponding impact of impairment on the net results for the quarter ended 30th June, 2020.

- v. The Holding Company has also not provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings in view of the proposed One-time settlement plan being pursued by the Management. The Holding Company has also not provided interest on outstanding payments to Vendors registered under MSME.

In absence of detailed computation of penal interest for default in repayment of Borrowings and interest for delayed payments to vendors registered under MSME we are unable to comment on its resultant impact on the net results for the quarter ended 30th June, 2020.

- vi. We draw attention to Note No. 7 to the Consolidated Statement, the Holding Company has not repaid fixed deposits from deposit holders (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.73 crores as at 30th June 2020 as per the contractual terms. Pursuant to the NCLT order dated 03.04.2019, 11.06.2019, 22.08.2019, 14.11.2019 and 26.05.2020 and in terms of NCLAT order dated 12.02.2020 the matter has been adjudicated. As per these orders, the proceeds from Canara Bank and refunds from Income Tax department will be exclusively utilised for repayment of deposits to deposit holders. The Holding Company has also not provided for regular interest on such deposits for the F.Y. 2017-18, F.Y.2018-19, F.Y. 2019-20 and for the quarter ended 30th June 2020 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 for the quarter and year ended 30th June 2020.
- vii. We draw attention to Note No. 8 to the Consolidated Statement, where the Holding Company has stated that Other Current Assets as at June 30, 2020 includes Rs 33.90 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. However, in view of unavailability of updated information on status of such assessments, we are unable to comment upon the resultant impact, if any on net results for the quarter ended 30th June 2020.
- viii. We draw attention to Note No. 9 to the Consolidated Statement, where the Holding Company in relation to its sixteen 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 quarter. Movement in accounts of such project sites, if any, is on account of balances being written off/written back and payments / receipts being made by the Head Office division in relation to assets / liabilities of such project sites.

Such Project Sites comprises total assets of Rs. 92.04 crores [including Trade Receivables Rs. 78.65 crores and loans to other parties Rs. 4.30 crores referred in point (iv) above, balances with revenue authorities of Rs. 7.32 crores referred in point (vii) above] and total liabilities of Rs. 42.19 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 ended, assets and liabilities as at 30th June, 2020 had the said units been reviewed by us.



- ix. 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 ended, accumulated losses, assets and liabilities as at the quarter ended 30th June, 2020, the amounts whereof are presently not ascertainable.
- x. 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 ended, accumulated net results, liabilities as at the quarter end, the amounts whereof are presently not ascertainable.
- xi. We draw attention to Note No 13(a) to the Statement, Valecha Reality Limited (VRL), (an Associate Company) has given a loan amounting to Rs.6.51 crores to M/s SVK Arcade LLP which is long outstanding in the Books of Accounts. VRL is not recognizing and receiving any interest on such loans neither has it made any provision for the loan amount outstanding. 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. VEL has not recovered any interest in view of already weak financial position of VRL. Similarly, VRL has also not recovered any interest amount from VIL in view of already weak financial position of VIL.
- xii. The Consolidated financial results include goodwill arising on consolidation amounting to Rs. 1.79 Crores which has not been tested for impairment inspite of the losses and sub-optimal operations of the Company.

The matters stated above were also subject matter of qualification in our audit opinion on the consolidated financial results for the quarter and year ended March 31, 2020.

The matters stated except point (vii) above were also subject matter of qualification in our review conclusion on the consolidated financial results for the quarter ended June 30, 2019.

Based on our review conducted and procedures performed as stated in paragraph 4 above and based on the consideration of the review reports of other auditors referred to in paragraph 8 above, except for the possible effects of the matters described in in paragraph 6 above and read with Emphasis of matters described in paragraph 7 below, nothing has come to our attention that causes us to believe that the Consolidated statement of unaudited financial results prepared in accordance with applicable Indian Accounting Standards (IND AS) and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with circular issued from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. Material Uncertainty Related to Going Concern:

- a) We draw attention to Note No. 6 & Note No. 10 to the Consolidated 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 6 & Note No. 10, 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 statement of the Group have been prepared on a going concern basis for the reasons stated in the Note No. 10 to the Statement.
- b) We draw attention to Note no 13(b) to the Statement in respect of Valecha Kachchh Toll Roads Limited (VKTRL) (a Subsidiary Company) wherein the other auditors had stated in their review report that



- the Company (VKTRL) continues to prepare its Consolidated Statement on going concern basis even though it has continued to incur significant losses for the quarter ended 30th June, 2020 and in previous financial years. It has also continued to default in repayment of its financial obligation including interest and the construction of balance work is going at very slow pace, resulting in 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, 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 March 2021. VKTRL has also put a claim of Rs. 1373.70 Crores on GSRDC till March 2020 and is hopeful of getting the same.

8. Emphasis of Matter

- a. We draw attention to Note no. 11 to the Consolidated Statement, as per MCA Notification dated 12/09/2018, the Holding Company has to obtain Secured Lenders approval for payment of remuneration to managing/ whole time director. The Holding Company is in the process of one-time settlement (OTS) with secured lenders and which are expected to be concluded in due course. Pending the aforesaid OTS settlement, recovery of managerial remuneration of Rs.3.08 Crores pertaining to earlier years in terms of special resolution passed by the members in the Annual General meeting has been kept in abeyance.
- b. We draw your attention to Note no. 16 to the Consolidated Statement which explains the Management's assessment of the financial impact due to the lockdown and other restrictions related to the Covid-19 pandemic situation and that the actual impact in the future may be different from those presently estimated due to significant uncertainties involved.

9. Other Matters:

- a) We did not review the interim financial results of two subsidiaries (including one step down subsidiary) included in the consolidated unaudited financial results whose interim financial information reflect total assets of Rs. 428.72 Crores, total revenue of Rs. 4.14 crores for the quarter ended 30th June 2020 and total comprehensive loss of Rs. 31.47 crores for the quarter ended June 30, 2020. This interim financial results have been reviewed by other auditor whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 4 above.
- b) We did not review the interim financial information of two subsidiaries and one associate company included in the consolidated unaudited financial results whose interim financial information reflect total assets of Rs. 105.47 Crores, total revenue of Rs. NIL for the quarter and total comprehensive loss of Rs. 9.39 crores for the quarter ended June 30, 2020. This interim financial information has not been reviewed by their auditors but have been certified by their respective Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on such Management certified interim financial information and the procedures performed by us as stated in paragraph 4 above.
- c) We have relied on the unaudited financial information furnished by the Holding Company's management with respect to two subsidiaries (including one step down subsidiary) included in the consolidated financial results whose interim financial information reflect total assets of Rs. 211.19 Crores, total revenue of Rs.2.06 crores for the quarter ended June 30, 2020, and total comprehensive loss of Rs. 15.11 crores for the quarter ended June 30, 2020. The interim unaudited financial results of these companies have been furnished to us by the Holding Company's management based on provisional financial accounts and information available with the Holding Company and are not approved by the



Management / Resolution Professional of respective Companies. Our conclusion on the financial results, in so far as relates to the amount and disclosures included in respect of these subsidiaries is based solely on such unaudited financial information.

- d) Consolidated figures for the quarter ended March 31, 2020 as reported in these consolidated financial results are the balancing figures between audited figures for the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures upto the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

Our conclusion is not modified in respect of the above matters listed under "Other Matters" paragraph.

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



Vinay Somani
Partner
Membership No. 143503
UDIN: 20143503AAAAKZ3256

Place: Mumbai
Date: September 15, 2020