

VALECHA ENGINEERING LIMITED
(AN ISO 9001 - 2015 COMPANY)



20.08.2020

BSE Limited Department of Corporate Services, Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. VEL Scrip Code No.: 532389	National Stock Exchange of India Limited Listing Department, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. VALECHA ENG
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Dear Sir/Madam,

REF : Our letter No. VEL/20-21/004 DATED 19.06.2020
Our Letter No. VEL/20-21 DATED 08.08.2020

Subject: Outcome of Board Meeting held on 20.08.2020

We wish to inform you that at the Board Meeting held today i.e. on 20.08.2020, the Board of Directors of the Company approved the Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended **March 31, 2020**. Pursuant to Regulation 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements), 2015 ('Listing Regulations'), we are enclosing herewith the following:

1. Audited Standalone & Consolidated Financial Results of the Company for the quarter and year ended **March 31, 2020**;
2. Independent Auditor's Report on Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended **March 31, 2020** issued by M/s. Bagaria & Co. LLP Co., Statutory Auditors of the Company; and
3. Declaration of modified opinion on Auditor's Report pursuant to Regulation 33 (3) (d) of Listing Regulations signed by Mr. Anil Korpe Chief Financial Officer of the Company.

We are enclosing extract of Audited financial results of the Company for the quarter and year ended March 31, 2020. However, in terms of SEBI circular no SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, there shall be no publication of said Financial Results in the newspapers.

The meeting of the Board of Directors commenced at 3.30 Noon and concluded at 2.25 PM.
Please acknowledge the receipt of the same 01-08-2020.

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 AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020

(₹ in Crores) Except EPS						
		STANDALONE				
Sr. No.	PARTICULARS	For the quarter ended on			For the year ended on	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Income					
	(a) Revenue from Operations	61.76	45.57	68.55	207.89	184.30
	(b) Other Income	0.50	2.87	2.36	5.70	17.23
	Total Income	62.26	48.44	70.91	213.59	201.53
2	Expenses					
	a. Construction Expenses	59.38	42.11	52.87	195.84	159.99
	b. Changes in inventories	(0.06)	0.26	10.10	0.72	13.96
	c. Employees Benefits Expense	2.84	2.07	2.74	7.75	8.55
	d. Finance costs	0.55	0.08	(58.29)	0.90	1.28
	e. Depreciation and amortization Expenses	0.17	0.65	1.11	2.11	5.18
	f. Other Expenses	1.16	0.80	4.77	4.62	11.41
	Total Expenses	64.04	45.97	13.30	211.94	200.37
3	Profit / (Loss) before share of net profit/(loss) of an associate/ a joint venture and Exceptional Items (1-2)	(1.78)	2.47	57.61	1.65	1.16
4	Share of net profit/(loss) of an associate/ a joint venture	-	-	-	-	-
5	Profit / (Loss) before Exceptional Items and tax (3+4)	(1.78)	2.47	57.61	1.65	1.16
6	Exceptional Items	-	-	-	-	-
7	Profit / (Loss) before tax (5-6)	(1.78)	2.47	57.61	1.65	1.16
8	Tax Expense					
	(a) Current Tax (Including earlier year taxation)	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-
9	Profit / (Loss) for the Period (7-8)	(1.78)	2.47	57.61	1.65	1.16
10	Other Comprehensive Income (OCI)					
	(a) i. Items that will not be reclassified to profit or loss	0.18	(0.05)	0.90	0.01	(0.14)
	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	1.12	0.24	1.39	1.71	1.39
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total Other Comprehensive Income	1.30	0.19	2.29	1.72	1.25
11	Total Comprehensive Income for the period (9+10)	(0.48)	2.66	59.90	3.37	2.41
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	22.53
16	Other Equity Excluding Revaluation Reserves				12.47	9.10
17	Earning Per Share (of ₹ 10/- each) (not annualised):					
	(i) Basic earnings (loss) per share	(0.79)	1.10	25.57	0.73	0.51
	(ii) Diluted earnings (loss) per share	(0.79)	1.10	25.57	0.73	0.51
	See accompanying note to the Financial Results					




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STANDALONE BALANCE SHEET		
(₹ in Crores)		
Particulars	STANDALONE	
	As at 31st March 2020	As at 31st March 2019
	(Audited)	(Audited)
ASSETS		
Non Current Assets		
(a) Property, Plant & Equipment	7.02	12.06
(b) Capital Work in Progress	0.08	-
(c) Investment Property	5.51	5.62
(d) Financial Assets	-	-
(i) Investments	42.12	42.12
(ii) Loans	-	-
(iii) Other Financial Assets	41.52	32.16
(e) Other Non-Current Assets	22.11	18.08
Total Non Current Assets	118.36	110.04
Current Assets		
(a) Inventories	0.51	1.23
(b) Financial Assets	-	-
(i) Other Investments	-	-
(ii) Trade Receivables	226.73	309.21
(iii) Cash & Cash Equivalents	2.35	7.08
(iv) Bank Balances other than (iii) above	4.65	4.97
(v) Loans	473.32	469.93
(vi) Other Financial Assets	4.07	2.78
(c) Deferred Tax Assets (Net)	-	-
(d) Current Tax Assets (Net)	-	-
(e) Other Current Assets	62.03	35.37
Total Current Assets	773.66	830.57
Total Assets	892.02	940.62
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	22.53	22.53
(b) Other Equity	12.47	9.10
Equity Attributable to Shareholders of the Company	35.00	31.63
Non-Controlling Interest	-	-
Total Equity	35.00	31.63
Liabilities		
Non Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	27.15	27.08
(ii) Trade Payables	-	-
(iii) Other Financial Liabilities	101.08	88.29
(b) Provisions	-	-
(c) Deferred Tax Liabilities (Net)	-	-
(d) Other Non-Current Liabilities	-	-
Total Non Current Liabilities	128.23	115.37
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	317.38	319.88
(ii) Trade Payables	-	-
- Total outstanding dues of micro enterprises and small enterprises; and	2.69	2.69
- Total outstanding dues of creditors other than micro enterprises and small enterprises	114.41	151.05
(iii) Other Financial Liabilities	279.18	282.94
(b) Other Current Liabilities	13.33	35.78
(c) Provisions	1.80	1.29
Total Current Liabilities	728.79	793.62
Total Equity & Liabilities	892.02	940.62



VALECHA ENGINEERING LIMITED			
Standalone statement of Cash Flow for the year ended March 31, 2020			
			(Rupees in Crores)
Particulars		Year Ended March 31, 2020	Year Ended March 31, 2019
		(Audited)	(Audited)
A. Cash flow from Operating activities			
Profit Before Tax			
Add / (Deduct) Adjustment for :		1.66	1.16
Depreciation and Amortization Expense		2.11	5.18
Loss / (Profit) on sale of property, plant & equipments, Investment Property (net)		-	0.80
Plant and Equipments Written Off		0.50	4.02
Finance Cost		0.90	1.28
Guarantee Fees		-	-
Interest Income		(3.54)	(4.79)
Fair Value of Financial Instruments		-	(0.29)
Re-measurement of defined benefit plans		0.03	0.15
Re-measurement of gain/(loss) of investment/advances in foreign subsidiary		1.71	1.39
Rental Income from Investment Properties		(1.40)	(1.25)
Operating Profit/ (Loss) before Working Capital changes		1.97	7.65
Changes in Working Capital:			
Adjustment for (increase) / decrease in operating assets:			
Decrease in Inventories			
(Increase) / Decrease in Trade Receivable		0.72	13.96
(Increase) / Decrease Loans		82.48	20.14
(Increase) / Decrease in other current assets and non-current financial assets		(3.40)	(71.22)
		(36.98)	(5.71)
Adjustment for (increase) / decrease in operating liabilities:			
Increase/ (Decrease) in Trade Payables		(36.63)	0.57
Increase/(Decrease) in other current and financial liabilities (non-current)		(13.41)	(46.87)
Increase/ (Decrease) in Provisions		0.51	0.38
Cash Generated From / (used in) Operations			
Direct Taxes (Paid)		(4.74)	(81.10)
Net Cash Flow from operating activities (A)		(4.03)	9.23
		(8.77)	(71.87)
B. Cash Flow from investing activities			
Capital Expenditure for Property, Plant and Equipments, Right of use assets, Investments Property, Intangible Assets including CWIP		(0.19)	(0.27)
Proceeds from disposal of Property, Plant and Equipment, Investment Property			
Investments in subsidiaries		2.64	6.18
Sale of non-current and current investments		(0.02)	(0.02)
Interest received		-	26.88
Rental Income from investment property		3.54	4.79
Net Cash flow from investing activities (B)		1.40	1.25
		7.37	38.81
C. Cash flow from financing activities			
Repayment of Debenture			
Proceeds from/ (Repayment) of long term borrowings		0.07	(1.11)
Net increase / (Decrease) in Working Capital borrowings		(2.49)	36.50
Finance Cost		(0.90)	(1.28)
Dividend and Tax on dividend paid			
Net Cash flow used in financing activities (C)		(3.32)	34.11
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)		(4.72)	1.04
Cash and Cash Equivalent at the beginning of the year		7.08	6.04
Cash and Cash Equivalent at the end of the year		2.36	7.08
Note: Figures in brackets represents cash outflow			



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STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020

(₹ in Crores) Except EPS

Sr. No.	PARTICULARS	CONSOLIDATED				
		For the quarter ended on			For the year ended on	
		31.03.2020 (Audited)	31.12.2019 (Unaudited)	31.03.2019 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	Income					
	(a) Revenue from Operations	79.78	53.18	68.10	251.98	209.72
	(b) Other Income	0.74	2.87	12.80	5.95	17.67
	Total Income	80.52	56.05	80.90	257.93	227.39
2	Expenses					
	a. Construction Expenses	59.35	42.09	53.03	195.81	160.15
	b. Changes in Inventories	(0.06)	0.26	10.10	0.72	13.96
	c. Employees Benefits Expense	3.26	2.54	3.13	9.47	10.14
	d. Finance costs	39.29	49.59	(25.80)	142.06	126.15
	e. Depreciation and amortization Expenses	8.81	9.34	9.83	36.88	40.07
	f. Other Expenses	3.89	3.90	9.64	17.86	27.18
	Total Expenses	114.54	107.72	59.93	402.80	377.65
3	Profit / (Loss) before share of net profit/(loss) of an associate/ a joint venture and Exceptional Items (1-2)	(34.02)	(51.67)	20.97	(144.87)	(150.26)
4	Share of net profit/(loss) of an associate/ a joint venture	(0.00)	-	(0.003)	(0.001)	(0.003)
5	Profit / (Loss) before Exceptional Items and tax (3+4)	(34.02)	(51.67)	20.97	(144.87)	(150.26)
6	Exceptional Items	-	-	-	-	-
7	Profit / (Loss) before tax (5-6)	(34.02)	(51.67)	20.97	(144.87)	(150.26)
8	Tax Expense					
	(a) Current Tax (Including earlier year taxation)	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-
9	Profit / (Loss) for the Period (7-8)	(34.02)	(51.67)	20.97	(144.87)	(150.26)
10	Other Comprehensive Income (OCI)					
	(a) i. Items that will not be reclassified to profit or loss	0.18	(0.05)	0.90	0.01	(0.14)
	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	1.12	0.24	1.39	1.71	1.39
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total Other Comprehensive Income	1.30	0.19	2.29	1.72	1.25
11	Total Comprehensive Income for the period (9+10)	(32.72)	(51.48)	23.26	(143.15)	(149.01)
12	Net Profit/(Loss) attributable to :					
	Shareholders of the Company	(20.27)	(31.56)	34.03	(91.93)	(102.28)
	Non-Controlling interest	(13.77)	(20.11)	(13.06)	(52.96)	(47.98)
13	Other Comprehensive Income attributable to :					
	Shareholders of the Company	1.30	0.19	2.29	1.72	1.25
	Non-Controlling interest	-	-	-	-	-
14	Total Comprehensive Income attributable to :					
	Shareholders of the Company	(18.97)	(31.37)	36.32	(90.21)	(101.03)
	Non-Controlling interest	(13.77)	(20.11)	(13.06)	(52.96)	(47.98)
15	Paid-up Equity Share Capital (Face Value ₹ 10/-)	22.53	22.53	22.53	22.53	22.53
16	Other Equity Excluding Revaluation Reserves	-	-	-	(787.10)	(643.92)
17	Earning Per Share (of ₹ 10/- each) (not annualised):					
	(i) Basic earnings (loss) per share	(15.10)	(22.93)	9.31	(64.30)	(66.69)
	(ii) Diluted earnings (loss) per share	(15.10)	(22.93)	9.31	(64.30)	(66.69)
See accompanying note to the Financial Results						



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CONSOLIDATED BALANCE SHEET		
(₹ in Crores)		
Particulars	CONSOLIDATED	
	As at 31st March 2020	As at 31st March 2019
	(Audited)	(Audited)
ASSETS		
Non Current Assets		
(a) Property, Plant & Equipment	7.23	12.30
(b) Right of use assets	0.08	-
(c) Capital Work in Progress	-	-
(d) Investment Property	5.51	5.62
(e) Goodwill on Consolidation	1.80	1.80
(f) Other Intangible Assets	342.66	377.40
(g) Intangible Assets under development	202.92	188.00
(h) Financial Assets	-	-
(i) Investments	0.12	0.15
(ii) Loans	-	-
(iii) Other Financial Assets	41.52	32.16
(l) Deferred Tax Assets (Net)	-	-
(j) Other Non-Current Assets	22.78	18.67
Total Non Current Assets	624.62	636.10
Current Assets		
(a) Inventories	0.51	1.23
(b) Financial Assets	-	-
(i) Other Investments	-	-
(ii) Trade Receivables	224.76	301.66
(iii) Cash & Cash Equivalents	24.13	19.59
(iv) Bank Balances other than (iii) above	4.65	4.97
(v) Loans	247.01	269.68
(vi) Other Financial Assets	4.50	3.20
(c) Other Current Assets	59.98	36.18
Total Current Assets	565.54	636.51
Total Assets	1,190.16	1,272.62
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	22.53	22.53
(b) Other Equity	(577.91)	(487.69)
Equity Attributable to Shareholders of the Company	(555.38)	(465.16)
Non-Controlling Interest	(209.19)	(156.23)
Total Equity	(764.57)	(621.39)
Liabilities		
Non Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	66.00	383.81
(ii) Other Financial Liabilities	59.19	51.65
(b) Provisions	-	-
(c) Deferred Tax Liabilities (Net)	3.77	3.77
(d) Other Non-Current Liabilities	34.64	30.98
Total Non Current Liabilities	163.60	470.21
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	729.06	370.80
(ii) Trade Payables	-	-
- Total outstanding dues of micro enterprises and small enterprises; and	2.69	2.69
- Total outstanding dues of creditors other than micro enterprises and small enterprises	118.55	154.41
(iii) Other Financial Liabilities	921.09	854.01
(b) Other Current Liabilities	17.94	40.60
(c) Provisions	1.80	1.29
(d) Current Tax Liabilities (Net)	-	-
Total Current Liabilities	1,791.13	1,423.80
Total Equity & Liabilities	1,190.16	1,272.62



VALECHA ENGINEERING LIMITED			
Consolidated Statement of Cash Flow For the Year Ended March 31, 2020			
			(Rupees in Crores)
Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019	
	(Unaudited)	(Audited)	
A. Cash flow from Operating activities			
Loss Before Tax	(144.89)	(150.26)	
Add / (Deduct) Adjustment for :			
Depreciation and Amortization Expense	36.88	40.07	
Loss / (Profit) on sale of property, plant & equipments, Investment Property (net)	-	0.80	
Plant and Equipment Written Off	0.50	4.02	
Finance Cost	142.07	126.16	
Interest Income	(3.76)	(4.79)	
Interest in the Associate adjusted against the investment	-	0.003	
Fair Value of Financial Instruments	-	(0.29)	
Re-measurement of defined benefit plans	0.03	0.15	
Re-measurement of gain/(loss) of investment/advances in foreign subsidiary	1.71	1.39	
Rental Income from Investment Properties	(1.40)	(1.25)	
Operating Profit/ (Loss) before Working Capital changes	31.14	15.99	
Changes in Working Capital:			
Adjustment for (increase) / decrease in operating assets:			
Decrease in Inventories	0.72	13.96	
(Increase)/ Decrease in Trade Receivable	76.91	25.70	
(Increase) / Decrease Loans	22.68	(93.25)	
(Increase)/ Decrease in other current assets and non-current financial assets	(34.15)	(2.37)	
Adjustment for (increase) / decrease in operating liabilities:			
Increase/ (Decrease) in Trade Payables	(35.85)	0.08	
Increase/(Decrease) in other current and financial liabilities (non-current)	55.63	289.62	
Increase/ (Decrease) in Provisions	0.51	0.38	
Cash Generated From / (used in) Operations	117.58	250.14	
Direct Taxes (Paid)	(4.10)	9.16	
Net Cash Flow from operating activities (A)	113.48	259.30	
B. Cash Flow from investing activities			
Capital Expenditure for Property, Plant and Equipments, Investments Property, Intangible Assets including CWIP	(15.11)	(3.37)	
Proceeds from disposal of Property, Plant and Equipment, Investment Property	2.64	6.18	
Investment in shares	0.001	(0.001)	
Proceeds from Sale of non-current and current investments	-	26.88	
Interest received	3.76	4.79	
Rental Income from investment property	1.40	1.25	
Net Cash flow from investing activities (B)	(7.31)	35.73	
C. Cash flow from financing activities			
Proceeds from/ (Repayment) of long term borrowings	(317.81)	(239.04)	
Net increase / (Decrease) in Working Capital borrowings	358.26	79.38	
Finance Cost	(142.07)	(126.16)	
Net Cash flow used in financing activities (C)	(101.62)	(285.82)	
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	4.55	9.21	
Cash and Cash Equivalent at the beginning of the year	19.59	10.39	
Cash and Cash Equivalent at the end of the year	24.14	19.60	
Note: Figures in brackets represents cash outflow			



Notes:

1. The above Audited Financial Results were reviewed and recommended by the Audit Committee and approved by the Board of Directors at the meeting held on August 20, 2020.
2. The Company is engaged in "Construction Activity" and there are no other reportable segments under Ind AS 108 "Operating Segments".
3. The accumulated losses incurred in the past years have resulted in erosion of Company's peak Net worth. However, the management is of the opinion that subject to approval of OTS / Restructuring plan by banks, cost reduction measures and participating in new business finance/ JV business, the Company will be able to earn profit over next few years and may be in position to repay restructured loans and pay statutory dues. Hence, the financial results are prepared assuming that it will continue as going concern.
4. This result has been prepared in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015.
5. The Company's borrowing facilities with various banks/financial institutions and NBFC's have continued to remain under NPA classification. The Company has not provided for regular interest estimated at Rs.22.70 crores and Rs.87.07 crores for the quarter and year ended 31st March, 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.

Further, the Company has also not provided for interest of Rs. 2.61 Crores as on 31st March, 2020, which may arise on delayed payment of TDS.

6. The Company has similar to Financial Year 2018-19 continued not to recognize Guarantee Fees / Commissions during the period April 1, 2019 to March 31, 2020 in view of the already weak financial position of such subsidiaries and step down subsidiaries. No reversals/impairment have been done for the guarantee fees / commission already recognized upto March 31, 2018.
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 March 31, 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 subjudged. 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. The Company has not evaluated expected credit losses for long outstanding Trade Receivables of Rs. 222.21 crores which includes Rs. 100.32 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 Company has booked their claims on conservative basis and management believe that they have strong case for each of the claims lodged against the client. Hence, the Board has decided



not to account for expected credit losses. The Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates of the Company) amounting to Rs. 6.57 crores and to others amounting to Rs. 139.10 crores as at 31st March, 2020.

9. Other Current Assets as at March 31, 2020 includes Rs 33.73 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of such amounts.
10. 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 31st March, 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 8 above, balances with revenue authorities of Rs. 7.32 crores referred in point (h) above] and total liabilities of Rs. 42.20 crores as at the year end.
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 previous years in terms of special resolution passed by the members in the Annual General meeting has been kept in abeyance.
12. The Company has previously assigned its loan amounting to Rs. 23.29 crores to its various creditors. However, the loanee company is unable to repay such creditors and hence the Company has reversed the assignment of creditors with its loan receivable and accordingly reinstated such creditors and loan receivable in its books of accounts.
13. 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.

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. 248.21 crores to the lenders of VLMTPL.
14. During the year ended 31st March, 2020, the Company has identified certain balances which are not recoverable and / or payable. The aggregate of non-recoverable balances is Rs.67.21 crores and



aggregate of non-payable balances is Rs.67.88 crores. These balances have been netted and a net income of Rs.0.67 crores has been recorded as "Balances written (back)/ off (Net)".

15. 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 31st March, 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 December 2020. VKTRL has also put a claim of Rs. 1373.70 Crores on GSRDC during the previous year and is hopeful of getting the claim in its favour after PCOD for Section 2 is complete.

The Lenders of VKTRL had appointed a forensic auditor to conduct forensic audit and the forensic auditor has submitted its report to the Lenders. VKTRL has however not received any communication or queries from the Lenders in relation to such audit.

16. Consolidated results for the quarter and year ended 31st March, 2020 and Year ended 31st March, 2019 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 Badwani Sendhwa Tollways Limited	Step-Down Subsidiary Company
4	Valecha Kachchh Toll Roads Limited	Subsidiary Company
5	Valecha Realty Limited	Associate Company
6	Valecha LM Toll Private Limited	Step-Down Subsidiary Company
7	Valecha International (FZE)	Wholly Owned Subsidiary



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.

17. The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments.
18. Effective 1 April 2019, the Company has adopted Ind AS 116, 'Leases' using the modified retrospective approach, as a result of which the comparative Information is not required to be restated. On transition, the Company has recorded the lease liability at the present value of the future lease payments discounted using the incremental borrowing rate and has also chosen the practical expedient provided in the standard to measure the 'Right-of-use' asset at the same value as the lease liability. The adoption of the new standard resulted in the recognition of 'Right-of-use' asset and an equivalent lease liability as on 1 April 2019. The effect of Ind AS 116 on the Profit / (loss) before tax, Profit / (loss) for the reported periods and earnings / (loss) per share is not material.
19. 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 31 March 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.
20. 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



B. Takekar
(LALNA B TAKEKAR)
DIRECTOR
DIN: 08111805

20.08.2020

Independent Auditor's Report

To
The Board of Directors of
Valecha Engineering Limited

Report on the audit of the Standalone Financial Results

Qualified Opinion

We have audited the accompanying standalone financial results of **Valecha Engineering Limited** ('the Company') for the year ended March 31, 2020 (the "Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of the matters described in Basis for Qualified Opinion section below of our report these standalone financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards 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, of the net profit, other comprehensive income and other financial information for the year ended March 31, 2020.

Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Results* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

- a) 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 Subsidiary, Step-Down Subsidiary and Associate Companies whose net-worth is completely eroded on account of continued losses incurred in the past:
 - Loans & advances aggregating to Rs. 212.22 crores given to its three subsidiary companies and two step-down subsidiary company;



- 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. 381.35 crores to Banks on behalf of one subsidiary company and two step-down subsidiary companies.

Had such provision towards impairment of Investments, loans and advances and Corporate Guarantees made by the Company, the retained earnings would have been reduced by Rs.595.80 crores as at March 31, 2020.

- b) The Company has also not done any fair valuation of its Corporate guarantees referred to in pt. (a) 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 year ended 31st March, 2020, which may arise on account of fair valuation adjustment of referred Corporate guarantees.

- 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. 670.84 crores as at March 31, 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. However, in view of the uncertainty involved over settlement 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 year, if any.
- d) We draw attention to Note No. 8 to the Statement, the Company has not evaluated expected credit losses for long outstanding Trade Receivables of Rs. 222.21 crores which includes Rs. 100.32 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 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. 139.10 crores as at March 31, 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 year ended 31st March, 2020.

- e) We draw attention to Note No. 5 to the Statement, wherein the Company has not provided for regular interest payable to banks estimated at Rs. 22.70 Crores & Rs. 87.07 Crores for the quarter and year ended 31st March, 2020 respectively as it expects certain relief in view of the proposed One Time Settlement plan being pursued by the Management. The Company has also not provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons.

The Company has also not provided Interest on its outstanding payments to its Vendors registered under MSME.



The Company has also not provided for interest of Rs. 2.61 crores which may arise towards delayed payment of dues towards tax deducted at source as on 31st March 2020.

Had such provision towards estimated regular interest payable to banks for the quarter and year ended 31st March, 2020 and interest on delayed payment of dues towards Tax deducted at Source as on 31st March, 2020 been made in the financial results for the year ended 31st March, 2020 the Company's net loss after comprehensive income for the quarter and year ended 31st March, 2020 would have been Rs. 23.18 crores & Rs. 86.31 crores respectively. In absence of detailed computation of penal interest for default in repayment of Borrowings, interest for default in payment of TDS 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 and year ended 31st March, 2020.

- f) We draw attention to Note No. 7 to the 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 March 31, 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 and for year ended 31st March, 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 and year ended 31st March, 2020.
- g) We draw attention to Note No. 12 to the Statement where the Company has previously assigned its loan amounting to Rs. 23.29 crores to its various creditors. However, the loanee company is unable to repay such creditors and hence the Company has reversed the assignment of creditors with its loan receivable and accordingly reinstated such creditors and loan receivable in its books of accounts. We have however not been provided with confirmations / appropriate documentation to verify such assignment of loan / offsetting and its consequent reversal and accordingly are unable to comment upon the resultant impact, if any on the assets and liabilities as at March 31, 2020.
- h) We draw attention to Note No. 9 to the Statement, where the Company has stated that Other Current Assets as at March 31, 2020 includes Rs 33.73 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 and year ended, assets and liabilities as at year end of the Company.
- i) We draw attention to Note No. 10 to the 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 year. 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 (d) above, balances with revenue authorities of Rs.



7.32 crores referred in point (h) above] and total liabilities of Rs. 42.20 crores as at the year end. In view of unavailability of information, we are unable to comment upon the resultant impact, if any on net results for the quarter and year ended, assets and liabilities as at year end of the Company, had the said units been audited by us.

- j) The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the net results for the quarter and year ended, accumulated losses, assets and liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.
- k) There are various Legal Cases filed by / against the Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the net results for the quarter and year ended, accumulated net results, liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.

Material Uncertainty Related to Going Concern:

We draw attention to Note No. 3 & Note No. 5 to the Financial Statements which indicates that the Company has accumulated losses and its net worth has been substantially eroded and there has been defaults in repayment of various borrowings and deposits. These conditions, along with other matters set forth in Note No 3 & Note No. 5, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in Note No.5 to the Financial Statements.

Emphasis of matter:

- a. We draw attention to Note no. 11 to the 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 previous years in terms of special resolution passed by the members in the Annual General meeting has been kept in abeyance.
- b. We draw attention to Note no. 14 to the Statement, where during the year ended 31st March, 2020 the Company has identified certain balances which are not recoverable and / or payable. The aggregate of non-recoverable balances is Rs.67.21 crores and aggregate of non-payable balances is Rs.67.88 crores. These balances have been netted and a net income of Rs.0.67 crores has been recorded as "Balances written (back)/ off (Net)"

Our report is not modified in respect of the above matters.

Management's Responsibilities for the Standalone Financial Results

These standalone quarterly financial results as well as year to date financial results have been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.



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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

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 standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 standalone financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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

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

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

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

Other Matter:

- On account of the COVID-19 related lockdown restrictions, Management was not able to perform the year end physical verification of inventories aggregating to Rs. 51.18 lakhs as on March 31, 2020. Consequently, we have performed alternative audit procedures to audit existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific Consideration to Selected items" which includes cyclical counts performed by the management during the year, roll forward procedures and their supporting documents relating to purchases, productions and sales and have obtained sufficient audit evidence to issue our unmodified opinion on these standalone financial results.
- The Standalone Financial Results include the results for the quarter ended March 31, 2020 and corresponding quarter ended of the previous year being the balancing figure between audited figures in respect of full financial year and the published unaudited year to date figures up to the third quarter of the current and previous financial year which were subject to limited review.

Our opinion is not modified in respect of these matters.

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

[Handwritten Signature]



Vinay Somani
Partner
Membership No. 143503
UDIN: 20143503AAAAJS9862

Place: Mumbai
Date: August 20, 2020

Independent Auditor's Report

To

The Board of Directors of **Valecha Engineering Limited (Holding Company)**

Report on the Audit of the Consolidated Financial Results

Qualified Opinion

We have audited the accompanying 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 year ended March 31, 2020, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of the matters described in Basis for Qualified Opinion section below of our report these consolidated financial results:

- a. includes the results of the following entities;

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

The Statement does not include the result of following Company:

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

- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard and
- c. give a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Group for the year ended March 31, 2020.

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.



Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their report referred to in "Other Matter" paragraph below is sufficient and appropriate to provide a basis for our audit opinion.

- a. We draw attention to Note No. 13 to the Statement, Valecha LM Toll Private Limited (VLMTPL), a step down subsidiary of the Holding Company and subsidiary of Valecha Infrastructure Limited (VIL) has been admitted to National Company Law Tribunal (NCLT) on 29.03.2019 in view of the insolvency petition filed by Axis Bank Limited under section 7 of the Insolvency and Bankruptcy Code, 2016 and consequently Interim Resolution Professional (IRP) was appointed by the NCLT. 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 statements of which are not consolidated by the management. Further, in the absence of detailed information and financial statements, we are unable to comment upon the need for impairment provisions, which may be required and the resultant impact on the net results for the quarter and year ended 31st March, 2020, if any.

- b. We draw attention to Note No. 8 to the Statement, the Holding Company has not evaluated expected credit losses for long outstanding Trade Receivables of Rs. 222.21 crores which includes Rs. 100.32 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. 139.10 crores as at March 31, 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 year ended 31st March, 2020.

- c. We draw attention to Note No. 5 to the Statement, wherein the Holding Company has not provided for any regular interest payable to banks for the quarter and year ended 31st March, 2020 estimated at Rs. 22.70 Crores & Rs. 87.07 Crores for the quarter and year months ended 31st March, 2020 respectively as it expects certain relief in view of the proposed One-Time settlement plan being pursued by the Management of the Holding Company. The Holding Company has also not provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons.

The Group has not provided Interest on its outstanding payments to its Vendors registered under MSME.

The Holding Company has also not provided for any interest which may arise towards delayed payment of TDS amounting to Rs. 2.61 crores as on 31st March 2020.



Had such provision towards estimated regular interest payable to banks for the quarter and year ended 31st March, 2020 and interest on delayed payment of dues towards Tax deducted at Source as on 31st March, 2020 been made in the financial results for the year ended 31st March, 2020, the Group's net loss after comprehensive income for the quarter and year ended 31st March, 2020 would have been Rs.52.10 crores and Rs 229.51 crores respectively. In absence of detailed computation of penal interest for default in repayment of Borrowings, interest for default in payment of TDS 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 year ended 31st March, 2020.

- d. We draw attention to Note No. 7 to the 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 March 31, 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 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 and for the year ended 31st March 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 31st March, 2020.
- e. We draw attention to Note No. 12 to the Statement where the Holding Company has previously assigned its loan amounting to Rs. 23.29 crores to its various creditors. However, the loanee company is unable to repay such creditors and hence the Holding Company has reversed the assignment of creditors with its loan receivable and accordingly reinstated such creditors and loan receivable in its books of accounts. We have however not been provided with confirmations / appropriate documentation to verify such assignment of loan / offsetting and its consequent reversal and accordingly are unable to comment upon the resultant impact, if any on the assets and liabilities as at March 31, 2020.
- f. We draw attention to Note No. 9 to the Statement, where the Holding Company has stated that Other Current Assets as at March 31, 2020 includes Rs 33.73 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 and year ended, assets and liabilities as at year end of the Holding Company.
- g. We draw attention to Note No. 10 to the 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 year. 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 (b) above, balances with revenue authorities of Rs. 7.32 crores referred in point (f) above] and total liabilities of Rs. 42.20 crores as at the year end. In view of unavailability of information, we are unable to comment upon the resultant impact, if any on net results for the quarter and year ended, assets and liabilities as at year end of the Company, had the said units been audited by us.



- h. The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities of the Holding Company are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the net results for the quarter and year ended, accumulated losses, assets and liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.
- i. There are various Legal Cases filed by / against the Holding Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the net results for the quarter and year ended, accumulated net results, liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.
- j. We draw attention to Note No 15(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.
- k. We draw attention to Note no 15(b) to the Statement in respect of Valecha Kachchh Toll Roads Limited (VKTRL) (a Subsidiary Company) wherein the other auditors had stated in their audit report that
- the Company (VKTRL) continues to prepare its Financial Statements on going concern basis even though it has continued to incur significant losses for the quarter ended 31st March, 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 December 2020. VKTRL has also put a claim of Rs. 1373.70 Crores on GSRDC during the previous year and is hopeful of getting the claim in its favour after PCOD for Section 2 is complete.
 - the Lenders of VKTRL had appointed a forensic auditor to conduct forensic audit and the forensic auditor has submitted its report to the Lenders. VKTRL has however not received any communication or queries from the Lenders in relation to such audit. In view of unavailability of such forensic audit report, we are unable to comment on the consequential impact of the issues, if any, arising out of such forensic audit report.
- l. 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.

Material Uncertainty Related to Going Concern:

We draw attention to Note No. 3 & Note No. 5 to the Statement which indicates that the Holding Company has accumulated losses and its net worth has been substantially eroded and there has been defaults in repayment of various borrowings and deposits. These conditions, along with other matters set forth in Note No 3 & Note No. 5 and point (i) above, indicate the existence of a material uncertainty that may cast significant doubt about the Holding Company and the Group's ability to continue as a going concern. However, the consolidated financial statements of the Group have been prepared on a going concern basis for the reasons stated in the Note No. 3 to the Statement.



Emphasis of Matter

- a. We draw attention to Note no. 11 to the 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 previous years in terms of special resolution passed by the members in the Annual General meeting has been kept in abeyance.
- b. We draw attention to Note no. 14 to the Statement, where during the year ended 31st March, 2020 the Holding Company has identified certain balances which are not recoverable and / or payable. The aggregate of non-recoverable balances is Rs.67.21 crores and aggregate of non-payable balances is Rs.67.88 crores. These balances have been netted and a net income of Rs.0.67 crores has been recorded as "Balances written (back)/ off (Net)"

Our opinion is not modified in respect of the above matters.

Board of Directors' Responsibilities for the Consolidated Financial Results

These consolidated financial results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial results.

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 consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within in the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the Independent auditors 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.

We are not required to perform procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations as amended, to the extent applicable.

Other Matters:

- a) We did not audit the interim financial information of four subsidiaries (including one step down subsidiaries) and one associate included in the consolidated unaudited Ind AS financial results whose interim financial information reflect total assets of Rs. 538.08 Crores, total revenue of Rs. 5.82 crores and Rs. 21.94 crores for the quarter and year ended March 31, 2020 respectively and total comprehensive loss of Rs. 31.93 crores and Rs. 124.29 crores for the quarter and year ended March 31, 2020 respectively. This interim financial information has also not been audited 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 3 above.

- b) We have relied on the unaudited financial results furnished by the Holding Company's management with respect to two subsidiaries (including one step down subsidiary referred in point (a) to section "Basis for qualified conclusion" referred above) included in the consolidated Ind AS financial results whose interim financial information reflect total assets of Rs. 216.24 Crores, total revenue of Rs.4.88 crores and Rs.19.93 crores for the quarter and year ended March 31, 2020 respectively, and total comprehensive loss of Rs. 7.48 crores and Rs. 25.32 crores for the quarter and year ended March 31, 2020 respectively. 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 statements.
- c) On account of the COVID-19 related lockdown restrictions, Management was not able to perform the year end physical verification of inventories aggregating to Rs.51.18 lakhs as on March 31, 2020. Consequently, we have performed alternative audit procedures to audit existence of inventory as per the guidance provided in SA 501 "Audit Evidence –Specific Consideration to Selected items" which includes cyclical counts performed by the management during the year, roll forward procedures and their supporting documents relating to purchases, productions and sales and have obtained sufficient audit evidence to issue our unmodified opinion on these financial results
- d) The Consolidated Financial Results include the results for the quarter ended March 31, 2020 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Our opinion on the consolidated financial results is not modified in respect of the above matters.

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




Vinay Somani
Partner
Membership No. 143503
UDIN: 20143503AAAAJU4001

Place: Mumbai
Date: August 20, 2020

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

Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2020				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs in Crores	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income	213.59	Aggregate amount of all qualifications are not ascertainable
	2	Total Expenditure	211.94	
	3	Net Profit/(loss) before OCI	1.65	
	4	Earnings Per Share- Basic	0.74	
	5	Total Assets	892.02	
	6	Total Liabilities	857.02	
	7	Net Worth	35.00	
	8	Any Other Financial Item		
II. Audit Qualification (each audit qualification separately) :				
1	a.	Details of Audit Qualification :		
		a) 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 Subsidiary, Step-Down Subsidiary and Associate Companies whose net-worth is completely eroded on account of continued losses incurred in the past:		
		- Loans & advances aggregating to Rs. 212.22 crores given to its three subsidiary companies and two step-down subsidiary company;		
		- 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. 381.35 crores to Banks on behalf of one subsidiary company and two step-down subsidiary companies.		
		Had such provision towards impairment of Investments, loans and advances and Corporate Guarantees made by the Company, the retained earnings would have been reduced by Rs.595.80 crores as at March 31, 2020.		
	b.	Type of Audit Qualification :	Qualified Opinion	
	c.	Frequency of qualification :	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :		
	(i)	The Company has issued financial guarantee to various Financial Institutions on behalf of its subsidiaries and step down subsidiaries based on terms of sanctioned letter issued by Financial Institutions and in view of the primary security already provided by the Subsidiaries and step down subsidiary companies and the Settlement proposals being pursued by the Management, the Company has not provided for any impairment on Corporate Guarantee, Loans & Advances and Investment in Subsidiaries. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.		
2	a.	Details of Audit Qualification :		
		b) The Company has also not done any fair valuation of its Corporate guarantees referred to in pt. (a) 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 year ended 31st March, 2020, which may arise on account of fair valuation adjustment of referred Corporate guarantees.		
	b.	Type of Audit Qualification :	Qualified Opinion	
	c.	Frequency of qualification :	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :		
		The Company has issued financial guarantee to various Financial Institutions on behalf of two subsidiaries and two step down subsidiaries based on terms of sanctioned letter issued by Financial Institutions. The Company has charged commission for providing corporate guarantee to the subsidiaries and same is recognised during the first two financial year but considering the weak financial position of the subsidiaries and step down subsidiary, the Company has decided not to charge further commission against the Corporate Guarantee.		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor : NA		
3	a.	Details of Audit Qualification :		
		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. 670.84 crores as at March 31, 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. However, in view of the uncertainty involved over settlement 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 year, if any.		
	b.	Type of Audit Qualification :	Qualified Opinion	
	c.	Frequency of qualification :	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :		
		The Company has issued financial guarantee to various Financial Institutions on behalf of one subsidiary based on the terms of sanctioned letter issued by Financial Institutions and in view of the primary security already provided by the Subsidiaries companies and the subsidiary Company is in the process to get huge amount of claim from the client for delaying the project work due to various reason and expecting to get the same positively, hence company has not provided for any Impairment of Corporate Guarantee, Loans & Advances and Investment in Subsidiaries. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.		



e. For Audit Qualification(s) where the impact is not quantified by the auditor : NA	
4	<p>a. Details of Audit Qualification :</p> <p>d) We draw attention to Note No. 8 to the Statement, the Company has not evaluated expected credit losses for long outstanding Trade Receivables of Rs. 222.21 crores which includes Rs. 100.32 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities.</p> <p>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. 139.10 crores as at March 31, 2020.</p> <p>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 year ended 31st March, 2020.</p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of qualification : Repetitive</p> <p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p> <p>(i) Trade receivable - The Trade Receivables includes various claims lodged against various clients. The Company is hopeful to recover the same in the time to come and management believe that they have strong case for each of the claims lodged against various clients. Hence, the Board has decided not to account for any impairment provision for the same.</p> <p>Loans extended to various related parties & other parties- The Company expects to recover the same in the time to come and hence has not made any provision for the same.</p>
5	<p>a. Details of Audit Qualification :</p> <p>e) We draw attention to Note No. 5 to the Statement, wherein the Company has not provided for regular interest payable to banks estimated at Rs. 22.70 Crores & Rs. 87.07 Crores for the quarter and year ended 31st March, 2020 respectively as it expects certain relief in view of the proposed One Time Settlement plan being pursued by the Management. The Company has also not provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons.</p> <p>The Company has also not provided Interest on its outstanding payments to its Vendors registered under MSME.</p> <p>The Company has also not provided for interest of Rs. 2.61 crores which may arise towards delayed payment of dues towards tax deducted at source as on 31st March 2020.</p> <p>Had such provision towards estimated regular interest payable to banks for the quarter and year ended 31st March, 2020 and interest on delayed payment of dues towards Tax deducted at Source as on 31st March, 2020 been made in the financial results for the year ended 31st March, 2020 the Company's net loss after comprehensive income for the quarter and year ended 31st March, 2020 would have been Rs. 23.18 crores & Rs. 86.31 crores respectively. In absence of detailed computation of penal interest for default in repayment of Borrowings, interest for default in payment of TDS 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 and year ended 31st March, 2020.</p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of qualification : Repetitive</p> <p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p> <p>(i) The company is approaching banks / Financial Institutions for OTS / Restructuring of their NPA loans and management is hopeful of settling the outstanding loan and getting some reliefs, therefore has not provided for any penal interest on Banks / Financial Institution. Further due to the non-availability of surplus profit and cash flow for last couple of years, the company has not provided for interest on statutory liability and MSME Creditors.</p>
6	<p>a. Details of Audit Qualification :</p> <p>We draw attention to Note No. 7 to the 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 March 31, 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 and for year ended 31st March, 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 and year ended 31st March, 2020</p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of qualification : Repetitive</p> <p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p> <p>(i) NCLT Mumbai, vide order dated 03.04.2019, 11.06.2019, 22.08.2019, 14.11.2019 and 26.05.2020 has directed and advised the Company to release the fund to concerned Fixed Deposit Holders on receipt of fund from Canara Bank and on receipt of the refund from Income Tax Department.</p> <p>Accordingly, the matter stands subjudiced pending the receipt of the fund from Canara Bank and on receipt of the refund from Income Tax Department.</p> <p>Due to non-availability of surplus profit and cash flow for couple of years, the company has not provided for regular as well as for the penal interest on public deposit.</p>
7	<p>a. Details of Audit Qualification :</p> <p>g) We draw attention to Note No. 7 to the Statement where the Company has previously assigned its loan amounting to Rs. 73.29 crores to its various creditors. However, the loanee company is unable to repay such creditors and hence the Company has reversed the assignment of creditors with its loan receivable and accordingly reinstated such creditors and loan receivable in its books of accounts. We have however not been provided with confirmations / appropriate documentation to verify such assignment of loan / offsetting and its consequent reversal and accordingly are unable to comment upon the resultant impact, if any on the assets and liabilities as at March 31, 2020.</p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of qualification : Once</p> <p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p> <p>(i) In view of the companies current financial position, and based on the tripartite agreement entered into amongst the Company, Borrower Company and the Creditors such offsetting has been done but due to non availability sufficient cash flow in the same company management decided to reverse the same arrangement. The Company shall arrange to provide necessary documents pertaining to the same to the auditors at the earliest.</p>



8	a. Details of Audit Qualification :
	h) We draw attention to Note No. 12 to the Statement, where the Company has stated that Other Current Assets as at March 31, 2020 includes Rs 33.73 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 and year ended, assets and liabilities as at year end of the Company.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the Impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the Impact is not quantified by the auditor :
	(i) Company is in the process to complete the all the Assessments pending in VAT Act laws and the same will be positively close in recent time, also hoping good amount refund in this assessment proceedings.
9	a. Details of Audit Qualification :
	i) We draw attention to Note No. 11 to the Statement, where the Company in relation to its sixteen project sites, which have either been demobilized or completed or otherwise shut or non-operational, could not obtain details of transactions effecting; if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the year. Movement in accounts of such project sites, if any, is on account of 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 (d) above, balances with revenue authorities of Rs. 7.32 crores referred in point (h) above and total liabilities of Rs. 42.20 crores as at the year end. In view of unavailability of information, we are unable to comment upon the resultant impact, if any on net results for the quarter and year ended, assets and liabilities as at year end of the Company, had the said units been audited by us.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the Impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the Impact is not quantified by the auditor :
	(i) Closure of mentioned sites due to heavy losses, the projects were facing lock-out and local unrest at above mentioned sites. Hence document could not be obtained and provided. However, Management do not foresee any material impacts on the financial statements.
10	a. Details of Audit Qualification :
	j) The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the net results for the quarter and year ended, accumulated losses, assets and liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the Impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the Impact is not quantified by the auditor :
	(i) Company were trying to get balance confirmations from most of the financial institution as well as creditors but due to default/delay in payments it was difficult to get the same, but based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.
11	a. Details of Audit Qualification :
	k) There are various Legal Cases filed by / against the Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the net results for the quarter and year ended, accumulated net results, liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the Impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the Impact is not quantified by the auditor :
	(i) Legal cases filed by/ against the company - Since the cases are ongoing and based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.



FOR VALECHA ENGINEERING LIMITED

(Palan Sulta)
CEO.

B. Takekar
(LALNA B TAKEKAR)
DIRECTOR
DIN: 08111805

For VALECHA ENGINEERING LIMITED

Vijaykumar Modi
Company Secretary & Legal



For Valecha Engineering Limited

AS
Chief Financial Officer
20.08.2020