

Ref: VEL/19-20/048

21st August, 2019

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

Dear Sir,

Sub: Outcome of Adjourned Board Meeting held on 21st August, 2019

Ref: Our letter VEL/19-20/046 dated 05th August, 2019
Our letter VEL/19-20/047 dated 14th August, 2019

Pursuant to Regulation 30 and 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we would like to inform you that the Board of Directors of the Company at their adjourned meeting held on **21st August, 2019** have inter alia considered and approved/taken on record the following:


1. The Unaudited Standalone and Consolidated Financial Results of the Company along with the Limited Review Report for the 1st Quarter ended **30th June, 2019**.
2. Convening of the 42nd Annual General Meeting of the Company to be held on Monday, 30th September, 2019 at 10:30 a.m. at Babasaheb Dahanukar Sabhagriha, Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai - 400 001

The Board meeting commenced at 03:30 p.m. and concluded at 08:45 p.m.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,
For VALECHA ENGINEERING LIMITED



(VIJAYKUMAR MODI)
Company Secretary & Legal

VALECHA ENGINEERING LIMITED



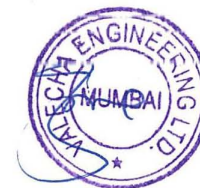
(An ISO 9001-2015 Company) CIN : L74210MH1977PLC019535
 Regd. Office : Valecha Chambers, 4th Floor, Andheri New Link Road, Andheri (West), Mumbai - 400 053.
 Email : ho@valecha.in Website : valechaeng.com

STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

(₹ in Crores) Except EPS

Sr. No.	PARTICULARS	Standalone				Consolidated	
		For the quarter ended on			For the year ended on	For the quarter ended on	For the year ended on
		30.06.2019	31.03.2019	30.06.2018	31.03.2019	30.06.2019	31.03.2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
1	Income						
	(a) Revenue from Operations	57.67	68.55	39.37	184.30	67.13	209.72
	(b) Other Income	1.46	2.36	6.04	17.33	1.46	17.67
	Total Income	59.13	70.91	45.41	201.53	68.59	227.39
2	Expenses						
	a. Construction Expenses	60.01	53.06	34.40	160.18	60.95	160.15
	b. (Increase) / Decrease in Stock	(4.92)	10.10	4.50	13.96	(5.84)	13.96
	c. Employees Benefits Expense	1.54	2.75	2.07	7.44	1.93	9.03
	d. Finance costs	0.24	(58.29)	18.09	1.78	72.20	126.15
	e. Depreciation and amortization Expenses	0.67	1.11	1.37	5.18	9.39	40.07
	f. Other Expenses	1.02	4.57	1.19	12.33	4.23	28.29
	Total Expenses	58.57	13.30	61.62	200.37	102.96	377.65
3	Profit / (Loss) before share of profit/(loss) of an associate/ a joint venture and Exceptional Items (1-2)	0.56	57.61	(16.21)	1.16	(34.37)	(150.26)
4	Share of profit/(loss) of an associate/ a joint venture	-	-	-	-	-	(0.003)
5	Profit / (Loss) before Exceptional Items and tax (3+4)	0.56	57.61	(16.21)	1.16	(34.37)	(150.26)
6	Exceptional Items	-	-	-	-	-	-
7	Profit / (Loss) before tax (5-6)	0.56	57.61	(16.21)	1.16	(34.37)	(150.26)
8	Tax Expense						
	(a) Current Tax (Including earlier year taxation)	-	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-	-
9	Profit / (Loss) for the Period (7-8)	0.56	57.61	(16.21)	1.16	(34.37)	(150.26)
10	Other Comprehensive Income (OCI)						
	(a) i. Items that will not be reclassified to profit or loss	(0.05)	0.90	(0.32)	(0.14)	(0.05)	(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	(0.15)	1.39	-	1.39	(0.15)	1.39
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Total Other Comprehensive Income	(0.20)	2.29	(0.32)	1.25	(0.20)	1.25
11	Total Comprehensive Income for the period (9+10)	0.36	59.90	(16.53)	2.41	(34.57)	(149.01)
12	Net Profit/(Loss) attributable to :						
	Shareholders of the Company	-	-	-	-	(21.66)	(102.28)
	Non-Controlling interest	-	-	-	-	(12.71)	(47.98)
13	Other Comprehensive Income attributable to :						
	Shareholders of the Company	-	-	-	-	(0.20)	1.25
	Non-Controlling interest	-	-	-	-	-	-
14	Total Comprehensive Income attributable to :						
	Shareholders of the Company	-	-	-	-	(21.86)	(101.03)
	Non-Controlling interest	-	-	-	-	(12.71)	(47.98)
15	Paid-up Equity Share Capital (Face Value ₹ 10/-)	22.53	22.53	22.53	22.53	22.53	22.53
16	Other Equity Excluding Revaluation Reserves				9.10	-	(643.92)
17	Earning Per Share (of ₹ 10/- each) (not annualised):						
	(i) Basic earnings (loss) per share	0.25	25.57	(7.20)	0.51	(15.26)	(66.69)
	(ii) Diluted earnings (loss) per share	0.25	25.57	(7.20)	0.51	(15.26)	(66.69)
	See accompanying note to the Financial Results						

5/24



Notes:

1. The above Unaudited Financial Results were reviewed and recommended by the Audit Committee and approved by the Board of Directors at the meeting held on August 21, 2019.
2. The Company is engaged in "Construction Activity" and there are no other reportable segments under Ind AS 108 "Operating Segments".
3. The accumulated losses incurred in the past years have resulted in erosion of Company's peak Net worth. However, the management is of the opinion that subject to approval of OTS / Restructuring plan by banks, cost reduction measures and participating in new business finance/ JV business, the Company will be able to earn profit over next few years and may be in position to repay restructured loans and pay statutory dues. Hence, the financial 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.19.70 crores on its various such borrowings for the quarter ended June 30, 2019 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. 3.50 Crores which may arise on delayed payment of TDS.

6. The Company has similar to Financial Year 2018-19 continued to not recognize Guarantee Fees / Commissions during the period April 1, 2019 to June 30, 2019 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. Due to non-availability of surplus profit and cash flow for last few years, the Company has not repaid deposits (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.73 crores as at June 30, 2019 as per the contractual terms and repayment schedule / order passed by the Company Law Board - New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO.05(MB) 2016). The Company has not provided for regular interest on such deposits for the F.Y. 2017-18, F.Y.2018-19 and for the quarter ended 30th June 2019 as per the terms of issuance and acceptance of deposits. The Company has also not provided penal interest and fine as applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014.
8. The Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes Rs. 160.30 crores pertaining to additional claims raised during 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. 3.56 crores and to others amounting to Rs. 157.77 crores as at 30th June, 2019.

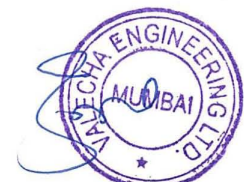
9. The Company has seventeen project sites which have either been de-mobilized or completed or otherwise shut / non-operational. The Company could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the quarter ended 30th June, 2019. Movement in accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office division.
10. Other Current Assets as at June 30, 2019 includes Rs 31.12 crore receivable towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of such amounts.
11. The Company has not paid / provided any managerial remuneration for the quarter ended 30th June, 2019. On 29/9/2018, the shareholders accorded their approval for the waiver of recovery of managerial remuneration in respect of three Directors. The Company is taking necessary actions and steps for approval from Secured Lenders pursuant to the Notification dated 12/09/2018 issued by Ministry of Corporate Affairs on the subject. The Company is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration in terms of the special resolution passed by the members in their Annual General Meeting.
12. Valecha LM Toll Private Limited (VLMTPL), a step down subsidiary of the Company and subsidiary of Valecha Infrastructure Limited (VIL) has been admitted to National Company Law Tribunal (NCLT) on 29.03.2019 in view of the insolvency petition filed by Axis Bank Limited under section 7 of the Insolvency and Bankruptcy Code, 2016 and consequently Interim Resolution Professional ('IRP') was appointed by the NCLT.

VIL has not impaired its Non-Current Investments of Rs. 37.31 Crores in the equity shares of VLMTPL and has consolidated the unaudited accounts of VLMTPL on the basis of provisional accounts basis in view of the events explained above. Accordingly, any resultant impact which may arise as a result of such impairment and consequential impact on the impairment of Company's investment in VIL as a result of the events explained above has not been computed. The Company has also provided Corporate guarantees amounting to Rs. 225.50 crores to the lenders of VLMTPL.

13. Specific notes related with Subsidiary Companies:

a) Valecha Reality Limited(VRL)

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

i. VKTRL continues to prepare its Financial Statements on going concern basis even though it has continued to incur significant losses for the quarter ended 30th June, 2019 and in previous years. It has also continued to default in repayment of its financial obligation including interest and the construction is going at very slow pace for balance, which has resulted into increase in cost of project mainly due to interest during construction period. However, as advised, the project had been halted due to non-availability of land and environment issues and on 13.05.2015, VKTRL has received PCOD (provisional commercial operation date) of for section 1 for which revenue is being generated. PCOD for Section 2 is likely to be completed by December, 2019. VKTRL has also put a claim of Rs. 866.25 Crores on GSRDC during the previous year and is hopeful for getting the same.

ii. The Lenders of VKTRL has appointed a forensic auditor to verify the matters with regard to VKTRL. However, it was explained that the scope of audit and report including draft report has not been shared with VKTRL.

14. Consolidated results for the quarter ended 30th June, 2019 and Year ended 31st March, 2019 includes results of following Subsidiaries and Associate Companies:

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 financial results of Companies at S. No. 1 to 5 above are consolidated on the basis of respective Company's Management certified results and have not been subjected to audit / review by their respective auditors.

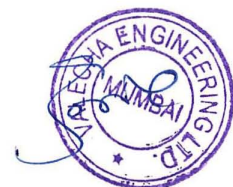
In case of Valecha LM Toll Private Limited, Resolution Professional has been appointed and the suspended directors are not authorised to approve the results. Consent of Resolution Professional has been obtained to include the results on a provisional basis pending the review of Resolution Professional.

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.

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

16. Effective 1 April 2019, the Company is required to adopt Ind AS 116 on "Leases", the Company is evaluating the impact of Ind AS 116 – "Leases" on the financial results. However, Management is confident that the impact will not be significant/material.



17. The figures for the quarter ended 31st March 2019 are the balancing figures between audited figures in respect of the full financial year 2018 - 19 and the year-to-date figures up to the third quarter ended 31st December 2018.
18. The previous period's figures have been re-grouped/ re-classified wherever required to conform to current period's classification. All figures of financials are stated as Rs. In Crores except otherwise stated.

For VALECHA ENGINEERING LIMITED

J. K. VALECHA
VICE CHAIRMAN AND
DIRECTOR
DIN : 00013070
DATE : AUGUST 21,2019
PLACE : MUMBAI



LIMITED REVIEW REPORT

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

1. We have reviewed the accompanying statement of unaudited financial results of **Valecha Engineering Limited** ("the Company") for the quarter ended 30th June, 2019. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "**Review of Interim Financial Information Performed by the Independent Auditor of the Entity**" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Basis for Qualified Conclusion

- a. The Company has not evaluated impairment provisions for expected credit losses (ECL) as required under Ind AS 109 "Financial Instruments" towards:
 - Loans & advances aggregating to Rs. 257.88 crores given to its four subsidiaries and one step-down subsidiaries;
 - Investments aggregating to Rs. 41.97 crores in its four subsidiaries and Rs. 0.02 crores in one associate;
 - Corporate Guarantee aggregating to Rs. 952.86 crores to Banks on behalf of the two subsidiaries and two step-down subsidiaries. The Company has not done any fair valuation of such Corporate guarantees as per the requirements of Ind AS 113 but has only recognized the guarantee fees/commission for the respective periods upto March 31, 2018 of Rs. 28.01 Crores. The Company has similar to FY 2018-19 continued to not recognize any such Guarantee Fees / Commissions for the period under review in view of the already weak financial position of such subsidiaries and step down subsidiaries. No reversals/impairment has been done for the guarantee fees / commission recognized upto March 31, 2018.

The net-worth of the above referred subsidiaries, the step down subsidiaries and one associate is completely eroded on account of continuing losses incurred in the past. In the absence of any further detailed information, we are unable to comment upon the resultant impact which may arise owing to fair valuation adjustment of referred Corporate guarantees the impairment provision for expected credit losses on the above referred Loans & advances, Investments, if any, and its resultant impact on the net results for the quarter ended 30th June, 2019.

Attention is invited to Note No. 12 to the Statement regarding the fact of the Initiation of NCLT proceedings against one of the step down subsidiary of the Company as detailed in the note thereon and its corresponding and consequential impact on the overall net results for the quarter ended 30th June, 2019.



Further, the Company has also invested Rs. 0.05 crores in one of its Associate Company, financial statements of which are not made available by the Management, in the absence of detailed information and financial statements, we are unable to comment upon the need for impairment provisions, which may be required and the resultant impact on the net results for the quarter ended 30th June, 2019, if any.

- b. We draw attention to Note No. 5 to the Statement, wherein the Company has not provided for any regular interest for the quarter ended 30th June, 2019 estimated at Rs. 19.70 Crores as it expects certain relief in view of the proposed settlement proposals 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 for interest of Rs 3.50 crores which may arise towards delayed payment of TDS as on 30th June 2019.

Had such provision towards regular interest for the quarter ended 30th June, 2019 and interest on delayed payment of TDS as on 30th June 2019 been made in the financial results of quarter ended 30th June, 2019, the Company's net loss after comprehensive income for the quarter ended 30th June, 2019 would have been Rs. 22.84 crores. In absence of detailed computation of penal interest for default in repayment of Borrowings, we are unable to comment on its resultant impact on the net results for the quarter ended 30th June, 2019.

- c. We draw attention to Note No. 7 to the Statement, the Company has not repaid deposits (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.73 crores as at June 30, 2019 as per the contractual terms and repayment schedule / order passed by the Company Law Board - New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO.05(MB) 2016). The Company has also not provided for regular interest on such deposits for the F.Y. 2017-18, F.Y.2018-19 and for the quarter ended 30th June, 2019 as per the terms of issue and acceptance of deposits. Further, the Company has also not provided penal interest and fine as may be applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014. Non provision of such interest is not in compliance with Ind AS 23 "Borrowing Cost". In absence of detailed information and computation of such regular interest, penal interest and fine, if any, we are unable to comment upon its resultant impact on the net results for the quarter ended 30th June, 2019.
- d. We draw attention to Note No. 8 to the Statement, the Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes Rs. 160.30 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities.

The Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates as referred in point (a) above) amounting to Rs. 3.56 crores and to others amounting to Rs. 157.77 crores as at June 30, 2019. In absence of detailed information, third party confirmation/reconciliation, we are unable to comment upon its recoverability and corresponding impact of impairment on the net results of the quarter ended 30th June, 2019.



- e. We draw attention to Note No. 9 to the Statement, where the Company in relation to its seventeen project sites, which have either been de-mobilized or completed or otherwise shut or non-operational, could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the quarter ended 30th June, 2019. Movement in accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office division. In view of unavailability of detailed information, we are unable to comment upon the resultant impact, if any on net results for the quarter ended 30th June, 2019, had the said units been reviewed by us.
- f. The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the net results for the quarter ended 30th June, 2019, the amounts whereof are presently not ascertainable.
- g. There are various Legal Cases filed by / against the Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the net results for the quarter ended 30th June, 2019, the amounts whereof are presently not ascertainable.

4. Conclusion

Based on our review conducted as above, except for the possible effects of the matters described in the Basis for Qualified Conclusion in paragraph 3 above and read with Emphasis of matters described below, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Indian Accounting Standards (IND AS) and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with circular issued from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Material Uncertainty Related to Going Concern:

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

Emphasis of matters:

- a) We draw attention to Note No. 10 to the Statement, where the Company has stated that Other Current Assets as at June 30, 2019 includes Rs 34.42 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recovery.
- b) The value of inventory is taken and valued as per the details furnished and certified by Management.
- c) We draw attention to Note no. 11 to the Statement where the Company has not paid / provided for managerial remuneration during the quarter ended 30th June, 2019. However, the Company is still awaiting and is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration of Rs 3.08 Crores provided in earlier years in terms of the special resolution passed by the members in their Annual General Meeting.



Our conclusion is not modified in respect of this matter.

Other Matter:

- a) The Statement includes the results for the Quarter ended 30th June 2018 which were reviewed by the predecessor auditor who, vide their review report dated 21st August 2018, expressed an a qualified conclusion on those financial results.
- b) Our conclusion is not modified in respect of this matter.

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



Vinay Somani
Partner
Membership No. 143503
UDIN: 19143503AAAAHB9045

Place: Mumbai
Date: 21st August, 2019

LIMITED REVIEW REPORT

To
Board of Directors of Valecha Engineering Limited

1. We have reviewed the accompanying statement of consolidated unaudited financial results of **Valecha Engineering Limited** ("the Holding Company"), its subsidiaries and associates (the Holding Company, its subsidiaries and its associates together referred to as "the Group") for the quarter ended 30th June, 2019, 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.
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" (IND AS "34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

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.

4. Basis for Qualified Conclusion

- a. We draw attention to Note No. 12 to the Statement, Valecha LM Toll Private Limited (VLMTPL), a step down subsidiary of the Holding Company and subsidiary of Valecha Infrastructure Limited (VIL) has been admitted to National Company Law Tribunal (NCLT) on 29.03.2019 in view of the insolvency petition filed by Axis Bank Limited under section 7 of the Insolvency and Bankruptcy Code, 2016 and consequently Interim Resolution Professional ("IRP") was appointed by the NCLT.

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

Further, the Holding Company has also invested Rs. 0.05 crores in one of its Associate Company, financial statements of which are not made available by the Management, in the absence of detailed information and financial statements, we are unable to comment upon the need for impairment provisions, which may be required and the resultant impact on the net results for the quarter ended 30th June, 2019, if any.



- b. We draw attention to Note No. 5 to the Statement, wherein the Holding Company has not provided for any regular interest for the quarter ended 30th June, 2019 estimated at Rs. 19.70 Crores as it expects certain relief in view of the proposed settlement proposals being pursued by the Management. The Holding Company has also not provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons.

The Holding Company has also not provided for any interest which may arise towards delayed payment of TDS amounting to Rs 3.50 crores as on 30th June 2019.

Had such provision towards regular interest and interest on delayed payment of TDS for the quarter ended 30th June, 2019 been made and, the Group's net loss after comprehensive income for the quarter ended 30th June, 2019 would have been Rs.57.77 crores. In absence of detailed computation of penal interest, we are unable to comment on its resultant impact on the net results for the quarter ended 30th June, 2019.

- c. We draw attention to Note No. 7 to the Statement, the Holding Company has not repaid deposits (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.73 crores as at June 30, 2019 as per the contractual terms and repayment schedule / order passed by the Company Law Board - New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO.05(MB) 2016). The Holding Company has also not provided for regular interest on such deposits for the F.Y. 2017-18, F.Y.2018-19 and for the quarter ended 30th June 2019 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 ended 30th June, 2019.
- d. We draw attention to Note No. 8 to the Statement, the Holding Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes Rs. 160.30 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities.

The Holding Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates) amounting to Rs. 3.56 crores and to others amounting to Rs. 157.77 crores as at June 30, 2019. In absence of detailed information, third party confirmation/reconciliation, we are unable to comment upon its recoverability and corresponding impact of impairment on the net results of the quarter ended 30th June, 2019.

- e. We draw attention to Note No. 9 to the Statement, where the Holding Company in relation to its seventeen project sites, which have either been de-mobilized or completed or otherwise shut or non-operational, could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the quarter ended 30th June, 2019. Movement in accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office division. In view of unavailability of detailed information, we are unable to comment upon the resultant impact, if any on net results for the quarter ended 30th June 2019, had the said units been reviewed by us.
- f. 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 ended 30th June, 2019, the amounts whereof are presently not ascertainable.



- g. There are various Legal Cases filed by / against the Holding Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the net results for the quarter ended 30th June, 2019, the amounts whereof are presently not ascertainable.
- h. We draw attention to Note No 13(a) to the Statement, Valecha Realty 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. VRL 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.
- i. We draw attention to Note no 13(b) to the Statement, Valecha Kachchh Toll Roads Limited (VKTRL) (a Subsidiary 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 30th June, 2019 and in previous years. It has also continued to defaulted in repayment of its financial obligation including interest and the construction is going at very slow pace for balance, which has resulted into increase in cost of project mainly due to interest during construction period. However, as advised, the project had been halted due to non-availability of land and environment issues and on 13.05.2015 the VKTRL has received PCOD (provisional commercial operation date) of for section 1 for which revenue is being generated. PCOD for Section 2 is likely to be completed by December, 2019. VKTRL has also put a claim of Rs. 866.25 Crores on GSRDC during the previous year and is hopeful for getting the same.

The Lenders of VKTRL has appointed a forensic auditor to verify the matters with regard to VKTRL. However, it was explained that the scope of audit and report including draft report has not been shared with VKTRL.

The Statement includes the result of following Companies:

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

Conclusion

Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the possible effects of the matters described in the Basis for Qualified Conclusion in paragraph 4 above and read with Emphasis of matters described below, nothing has come to our attention that causes us to believe that the Consolidated statement of unaudited financial results prepared in accordance with applicable Indian Accounting Standards (IND AS) and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with circular issued from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.



Material Uncertainty Related to Going Concern:

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

Emphasis of matters:


- a) We draw attention to Note No. 10 to the Statement, where the Holding Company has stated that Other Current Assets as at June 30, 2019 includes Rs 34.42 crores receivable from various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recovery.
- b) We draw attention to Note no. 11 to the Statement where the Holding Company has not paid / provided for managerial remuneration during the quarter ended 30th June 2019. However, the Holding Company is still awaiting and is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration of Rs 3.08 Crores provided in earlier years in terms of the special resolution passed by the members in their Annual General Meeting.

Our conclusion is not modified in respect of this matter.

Other Matter:

- a) We did not review the interim financial results of four subsidiaries (including one step down subsidiaries) included in the consolidated unaudited Ind AS financial results which reflect total revenue of Rs.5.47 crores, total comprehensive loss of Rs. 28.61 crores for the quarter ended June 30, 2019. These interim financial results have not been reviewed by their auditors but have been certified by their respective Management.
- b) We have relied on the unaudited financial results furnished by the management with respect to two subsidiaries (including one step down subsidiary referred in point (a) to section "Basis for qualified conclusion" referred above) and one associate included in the consolidated Ind AS financial results, total revenue of Rs.4.74 crores and total comprehensive loss of Rs. 5.56 crores for the quarter ended June 30, 2019. 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. 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) Our conclusion is not modified in respect of the above matters.

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


Vinay Somani
Partner
Membership No. 143503
UDIN: 19143503AAAAHC8993



Place: Mumbai
Date: 21th August, 2019