

VALECHA ENGINEERING LIMITED
(AN ISO 9001 - 2008 COMPANY)



Ref: VEL/18-19/036

19th July, 2018

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 Board Meeting held on 19th July, 2018

Ref: Our letter VEL/18-19/020 dated 11th May, 2018
Our letter VEL/18-19/033 dated 10th July, 2018

- 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 meeting held on **19th July, 2018** have inter alia considered, approved/taken on record the following:
 - The Audited Consolidated and Standalone Financial Results of the Company for the Fourth Quarter and year ended **31st March, 2018**.
 - Independent Auditors Report on the Consolidated and Standalone Financial Results of the Company for the Fourth Quarter and year ended **31st March, 2018**.
- In terms SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016 attached is the Statement on impact of Audit Qualification (for Audit Report with modified opinion) on the said Financial Statements.
- The Board of Directors have decided that:
 - Mr. Tarun Dutta be appointed as **Additional Director** w.e.f. **19th July, 2018**
 - Mr. Dinesh Valecha be appointed as **Additional Director** w.e.f. **01st August, 2018**.

Mr. Dinesh Valecha presently occupies holds the position of Whole Time Director till 31st July, 2018

The Board meeting commenced at 7.00 p.m. and concluded at 10.00 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 9001-2008 Company) CIN : L74210MH1977PLC019535

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

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2018 AND CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2018

('₹ in Lakhs) Except EPS

Sr. No.	PARTICULARS	STANDALONE					CONSOLIDATED	
		QUARTER ENDED			YEAR ENDED		YEAR ENDED	
		31.03.2018 (Audited)	31.12.2017 (Unaudited)	31.03.2017 (Audited)	31.03.2018 (Audited)	31.03.2017 (Audited)	31.03.2018 (Audited)	31.03.2017 (Audited)
1	Income.							
	(a) Revenue from Operations	5,868.36	4,322.20	11,399.16	20,780.43	41,092.86	25,263.92	45,231.13
	(b) Other Income	4,963.06	140.44	2,130.08	6,769.17	3,917.46	5,410.09	2,517.38
	Total Income	10,831.42	4,462.64	13,529.24	27,549.60	45,010.32	30,674.01	47,748.51
2	Expenses							
	a. Construction Expenses	5,627.97	3,444.06	10,700.56	18,602.38	36,842.00	18,598.88	36,838.27
	b. (Increase) / Decrease in Stock	1,832.81	79.57	1,046.23	2,544.28	1,462.93	2,544.28	1,462.93
	c. Employees Benefits Expense	97.30	234.03	585.34	800.05	1,742.38	957.72	1,900.81
	d. Finance costs	1,873.02	1,688.05	2,642.16	6,716.06	7,105.48	17,224.72	16,838.14
	e. Depreciation and amortization Expenses	254.46	240.63	141.58	1,014.50	1,475.87	10,448.03	4,976.77
	f. Other Expenses	603.73	95.61	1,846.71	1,417.95	2,099.86	3,464.07	3,252.33
	Total Expenses	10,289.29	5,781.95	16,962.59	31,095.23	50,728.53	53,237.70	65,269.24
3	Profit / (Loss) before Exceptional Items and tax (1-2)	542.13	(1,319.31)	(3,433.34)	(3,545.62)	(5,718.20)	(22,563.70)	(17,520.73)
4	Exceptional Items	-	-	-	-	-	2.57	(2,645.27)
5	Profit / (Loss) before tax (3-4)	542.13	(1,319.31)	(3,433.34)	(3,545.62)	(5,718.20)	(22,566.27)	(14,875.46)
6	Tax Expense							
	(a) Current tax	165.65	-	-	165.65	74.76	165.65	74.76
	(b) Deferred tax	-	-	256.05	-	-	(209.40)	(122.32)
7	Profit / (Loss) for the period from continuing Operations (5-6)	376.48	(1,319.31)	(3,689.39)	(3,711.27)	(5,792.97)	(22,522.52)	(14,827.91)
8	Profit/ (Loss) from discontinuing operations	-	-	-	-	-	-	-
9	Tax Expense of discontinuing operations	-	-	-	-	-	-	-
10	Profit/ (Loss) from discontinuing operations (after tax) (8-9)	-	-	-	-	-	-	-
11	Profit / (Loss) for the Period before Non-Controlling Interest (7+10)	376.48	(1,319.31)	(3,689.39)	(3,711.27)	(5,792.97)	(22,522.52)	(14,827.91)
12	Less: Non-Controlling interest	-	-	-	-	-	(7,031.18)	(4,074.51)
13	Profit / (Loss) for the Period attributable to Shareholders (11-12)	376.48	(1,319.31)	(3,689.39)	(3,711.27)	(5,792.97)	(15,491.34)	(10,753.40)
12	Other Comprehensive Income (Net of Taxes)							
	(a) i. Items that will not be reclassified to profit or loss							
	(a) Fair Value of Financial Instruments	(154.86)	-	(279.90)	(154.86)	(279.90)	(154.86)	(279.90)
	(b) Investment in Equity Instruments	-	-	-	-	-	40.42	(51.81)
	(c) Transaction with owners in their capacity as owners	-	-	-	-	-	-	-
	(d) Re-measurement of defined benefit plans	(112.82)	-	68.21	(112.82)	68.21	(112.82)	68.21
	ii. Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-
	(b) i. Item that will be reclassified to profit or loss	-	-	-	-	-	-	-
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-
	Total Other Comprehensive Income (Net of Taxes)	(267.68)	-	(211.68)	(267.68)	(211.68)	(227.26)	(263.50)
13	Total Comprehensive income for the period (11+12)	108.80	(1,319.31)	(3,901.08)	(3,978.96)	(6,004.65)	(15,718.60)	(11,016.90)
14	Paid-up Equity Share Capital (Face Value ₹ 10/-)	2,253.00	2,253.00	2,253.00	2,253.00	2,253.00	2,253.00	2,253.00
15	Reserve Excluding Revaluation Reserves				668.84	4,647.80	(38,665.88)	(22,952.43)
16	Earning Per Share (of ₹ 10/- each) (not annualised):							
	(i) Basic earnings (loss) per share	1.67	(5.86)	(16.38)	(16.47)	(25.71)	(68.76)	(47.73)
	(ii) Diluted earnings (loss) per share	1.67	(5.86)	(16.38)	(16.47)	(25.71)	(68.76)	(47.73)
	See accompanying note to the Financial Results							



Notes:	
1	The above audited financial results, have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 19th July, 2018.
2	The Company is engaged in "Construction Activity" and there are no other reportable segments under Ind AS 108 "Operating Segments".
3	The Company has adopted Indian Accounting Standards ("Ind AS") w.e.f 1st April 2017 (transition date being 1st April 2016) and accordingly these financial results have been prepared in accordance with recognition and measurement principles laid down in the Ind AS 34 - Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Financial results for the comparative period have also been prepared in accordance with the recognition and measurement principles of Ind AS 34.
4	The figures for the quarter ended 31st March, 2018 and 31st March, 2017 are the balancing figures between the audited figures of the full financial years ended 31st March, 2018 and 31st March, 2017 (Ind AS) respectively, and the published year to date Ind AS figures up to the Nine months ended 31st December, 2017 and 31st December, 2016 respectively.
5	The accumulated losses for the year ended 31st March 2018 have resulted in substantial erosion of Company's peak Net worth. However, the management is of the opinion that subject to approval of Master Restructuring plan by banks, cost reduction measures and participating in new business finance/ JV business, the company will be able to earn profitability over next few years and may be in position to repay loans and pay statutory dues. Hence, financial statement of company are prepared assuming that it will continue as going concern.
6	On account of transition from the previous Indian Generally Accepted Accounting Principles (IGAAP) to Ind AS, the reconciliation of Equity, Statement of Profit and Loss and Other comprehensive income in accordance with the requirements of Ind AS 101- First time Adoption of Indian Accounting Standards are as under:

a) Equity Reconciliation:

Particulars	(₹ in Lakhs)			
	STANDALONE		CONSOLIDATED	
	As at 31.03.2017	As at 01.04.2016	As at 31.03.2017	
Net Equity as per IGAAP	2,259.58	8,953.30	(21,884.77)	
(a) Depreciation on investment property	(92.47)	(105.18)	(92.47)	
(b) Fair value of financial instruments	(167.64)	(193.36)	(167.64)	
(c) Amortisation of Processing fees on Term Loans	489.60	315.84	489.60	
(d) Deferred Tax Liability reversed on prudence basis	1,957.45	1,681.85	1,957.45	
(e) Others	201.28	-	(4,794.96)	
Equity reportable under Ind AS	4,647.80	10,652.45	(24,492.79)	


b) Reconciliation of statement of Profit and Loss and other comprehensive income:

Particulars	(₹ in Lakhs)		
	STANDALONE		CONSOLIDATED
	QUARTER ENDED 31.03.2017	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2017
Profit/ (Loss) after tax under Indian GAAP	(4,472.83)	(6,618.95)	(23,409.68)
(a) Guarantee fee income from subsidiary on financial guarantee contract	1,084.04	1,405.29	-
(b) Depreciation on investment property	(3.17)	(12.71)	(12.71)
(c) Fair value of financial instruments	25.72	25.72	25.72
(d) Remeasurement of defined benefit plans	(68.21)	(68.21)	(68.21)
(e) Deferred Tax Liability reversed on prudence basis	(275.59)	(275.59)	(275.59)
(f) Amortisation of Processing fees on Term Loans	20.64	(173.76)	(173.76)
(g) Fair value of investment impact given in opening reserve			7,734.24
(h) Others	-	-	5,426.59
Net Profit/ (Loss) After Tax under Ind AS	(3,689.40)	(5,718.21)	(10,753.40)
Other Comprehensive Income (Net of Tax)	(211.68)	(211.68)	(263.50)
Total Comprehensive Income as per Ind AS	(3,901.08)	(5,929.89)	(11,016.90)

7 Previous period's / year's figures have been regrouped / rearranged wherever necessary to conform to those of current period's / year's classification.

Place : Mumbai
Dated : 19th July, 2018

For VALECHA ENGINEERING LIMITED


J. K. VALECHA
VICE CHAIRMAN - CUM - MANAGING DIRECTOR
DIN : 00013070



VALECHA ENGINEERING LIMITED



(An ISO 9001-2008 Company) CIN : L74210MH1977PLC019535

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

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

STANDALONE AND CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

Particulars	STANDALONE		CONSOLIDATED	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
	(Audited)		(Audited)	
ASSETS				
Non Current Assets				
(a) Property, Plant & Equipment	2,786.06	4,645.93	2,824.50	4,764.01
(b) Capital Work in Progress	-	-	-	-
(c) Investment Property	572.18	684.89	572.18	684.89
(d) Goodwill	-	-	179.68	179.68
(e) Other Intangible Assets	-	-	41,214.43	50,555.64
(f) Intangible Assets under development	-	-	18,490.87	17,390.93
(g) Financial Assets	-	-	-	-
(i) Investments	9,699.41	8,303.18	2,702.50	2,702.50
(ii) Loans	-	-	-	-
(iii) Other Financial Assets	2,161.68	1,257.05	2,161.68	1,257.05
(g) Deferred Tax Assets (Net)	-	-	-	-
(h) Other Non-Current Assets	2,655.55	3,405.50	2,707.33	3,455.48
Total Non Current Assets	17,874.88	18,296.56	70,853.17	80,990.19
Current Assets				
(a) Inventories	1,519.43	4,063.72	1,519.43	4,063.72
(b) Financial Assets	-	-	-	-
(i) Other Investments	-	-	-	150.62
(ii) Trade Receivables	24,385.87	25,970.35	24,385.87	25,970.35
(iii) Cash & Cash Equivalents	699.90	1,593.61	1,243.65	1,668.97
(iv) Bank Balances other than (iii) above	697.43	1,304.25	767.36	1,383.84
(v) Loans	46,011.01	46,658.41	26,585.38	31,251.55
(vi) Other Financial Assets	-	-	170.70	157.38
(c) Deferred Tax Assets (Net)	-	-	-	-
(d) Current Tax Assets (Net)	-	-	-	-
(e) Other Current Assets	4,349.68	4,377.32	4,456.85	4,475.59
Total Current Assets	77,663.33	83,967.66	59,129.23	69,122.01
Total Assets	95,538.20	1,02,264.22	1,29,982.40	1,50,112.20
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2,253.00	2,253.00	2,253.00	2,253.00
(b) Other Equity	668.84	4,647.80	-38,665.88	-22,952.43
Equity Attributable to Shareholders of the Company	2,921.85	6,900.80	-36,412.88	-20,699.42
Non-Controlling Interest			-10,824.55	-3,793.37
Total Equity	2,921.85	6,900.80	-47,237.43	-24,492.79
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	-	2,754.61	59,466.27	70,878.07
(ii) Trade Payables	-	-	-	-
(iii) Other Financial Liabilities	7,823.07	12,493.88	7,823.07	12,493.88
(b) Provisions	-	-	585.97	335.59
(c) Deferred Tax Liabilities (Net)	-	-	377.37	586.78
(d) Other Non-Current Liabilities	-	-	1,667.54	959.42
Total Non Current Liabilities	7,823.07	15,248.49	69,920.23	85,253.74
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	31,349.31	28,366.52	32,153.82	27,280.05
(ii) Trade Payables	11,036.31	17,229.81	11,577.68	17,760.94
(iii) Other Financial Liabilities	32,499.09	23,401.66	32,877.28	23,592.33
(b) Other Current Liabilities	9,818.39	11,059.27	30,600.62	20,660.27
(c) Provisions	90.18	57.66	90.18	57.66
(d) Current Tax Liabilities (Net)	-	-	-	-
Total Current Liabilities	84,793.28	80,114.92	1,07,299.60	89,351.26
Total Equity & Liabilities	95,538.20	1,02,264.22	1,29,982.40	1,50,112.20
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Auditor's Report on Consolidated Financial Results of VALECHA ENGINEERING LIMITED Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors of
VALECHA ENGINEERING LIMITED

1. We have audited the accompanying Consolidated financial results of VALECHA ENGINEERING LIMITED ("the holding Company") and its six subsidiaries (including two step down subsidiaries), (the Holding Company and its subsidiaries are together referred to as "The Group") for year ended March 31, 2018 ("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 modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. These consolidated financial results, which are the responsibility of the Company's Management, have been prepared on the basis of audited annual consolidated Ind AS financial statements as at and for the year ended March 31, 2018 and relevant requirements of the Regulation and the circular. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the annual consolidated financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS'), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued there under; as applicable and other accounting principles generally accepted in India.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
4. The Comparative financial information of the Group for the year ended March 31, 2017 included in these consolidated financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 which were audited by the previous auditor whose report dated August 16, 2017 expressed an unmodified opinion on those consolidated financial statements for the year ended 31 March, 2017. The adjustments to those consolidated financial statements for the differences in



accounting principles adopted by the company have been considered based on the report of other auditors and as certified by the management in so far as it relates to subsidiaries are not audited by us.

5. We did not audit the financial statements of five subsidiaries (including two step down subsidiaries) included in the consolidated Ind AS financial statements which reflect total assets of Rs 74,674.52 Lakhs as at March 31, 2018 and total revenue of Rs 4,524.06 Lakhs for the year ended March 31, 2018, total comprehensive income (comprising of profit and other comprehensive income) of Rs (17,450.37) Lakhs for the year ended March 31, 2018. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the annual Ind AS consolidated financial statements, in so far as relates to the amount and disclosures included in respect of these subsidiaries is based solely on the report of other auditors.

Our opinion on the annual Ind AS consolidated financial statements report is not modified in respect of this matter.

6. We have relied on the unaudited financial statements furnished by the management with respect to one subsidiary included in the consolidated Ind AS financial statements, which reflect total assets of Rs 2,085.07 Lakhs as at March 31, 2018, total revenue of Rs Nil for the year ended March 31, 2018 and total comprehensive income (comprising of profit and other comprehensive income) of Rs. Nil for the year ended March 31, 2018 respectively. The unaudited financial statements and other financial information as approved by the respective Board of Directors of these companies have been furnished to us by the management and our opinion on the annual Ind AS consolidated financial statements, in so far as relates to the amount and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements.

We are unable to comment upon the resultant impact, if any on the consolidated net profit and other financial information of the Ind AS consolidated financial statements as at and for the year ended March 31, 2018.

Our opinion on the annual Ind AS consolidated financial statements report is not modified in respect of this matter.

7. Basis for qualified opinion:
 - a. The Holding Company has not provided for interest amounting to Rs. 391.50 lakhs on late payment of Tax deducted at Source. Further, the Company has not provided for penal interest for default in repayment of borrowings from Banks and Financial Institution. However, in the absence of detailed computation of penal interest, we are unable to comment upon its impact on the loss of the year.



- b. The Holding Company has not repaid deposits (including unpaid interest upto March 2017 - Rs. 262.23 Lakhs) amounting to Rs. 3,165.09 Lakhs as at March 31, 2018 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). Further, the company has also not provided penal interest and fine as levied under rule 21 of (Acceptance of Public Deposit) Rules, 2014.
Further in the absence of detailed information and computation of penal interest pertaining to previous years, if any, we are unable to comment upon its impact on the loss of the year.
- c. The Holding Company has not evaluated whether any impairment provision is required for expected credit losses (ECL) in accordance with Ind AS 109 - 'Financial Instruments' for Trade Receivables aggregating to Rs. 24,385.86 Lakhs which includes Rs. 16,029.64 Lakhs pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities. Also, the company has not evaluated whether any impairment provision is required for ECL in accordance with Ind AS mentioned above for loans extended to various related parties amounting to Rs. 93.89 Lakhs as at March 31, 2018. In the absence of relevant information, third party confirmation/reconciliation and detailed working, we are unable to comment upon its recoverability and corresponding impact of impairment on the loss of the year, if any.
- d. We did not audit the books of accounts of two project sites of Holding Company due to unavailability of supporting documents and records which includes total revenue of Rs 3,062.64 Lakhs, Net Loss of Rs 1,859.28 Lakhs and Net Assets of Rs 2,301 Lakhs. Hence, we are unable to comment its impact on the loss and corresponding total assets and liabilities of the company as at and for year ended March 31, 2018, had the said units have been audited by us.
- e. We did not audit total assets and total Liabilities of Rs 12,046.04 Lakhs and Rs 7,924.77 Lakhs respectively included in the Statement which pertains to seventeen project sites of the Holding Company. The Company has not accounted for any transactions during the year for these sites, as it does not have any information and relevant documents to account for the same. In view of that, we are unable to comment upon resultant impact, if any on loss of the year and net assets as at March 31, 2018 of the company, had the said units have been audited by us.



- f. The Holding Company has paid / provided managerial remuneration of Rs 198.34 Lakhs for which approval is sought from the Central Government vide form No. MR-2 dated 08/12/2017 & 28/03/2018. However, the same is subject to approval from Central Government.
- g. The Holding Company has invested Rs 2,695.01 Lakhs in three of its Associate Companies. As the Holding Company does not have control on the said associates and the accounts were not made available to the Management, these associates have not been considered in the consolidated Ind AS financial statements. We are unable to comment upon the resultant impact, if any, on the loss of the consolidated Ind AS financial statements of the Company as at March 31, 2018, had the audited financial statement for the associates were made available.
8. In our opinion and to the best of our information and according to the explanations given to us and subject to the possible effects of the matters described in paragraph 7 above and read with matters described in paragraph 9 below and based on the consideration of the report of other auditors on separate financial statements for subsidiaries or financial statements as certified by the management, these consolidated financial results:
- include the results of the subsidiaries (including step down subsidiaries) as given in Annexure A.
 - are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/F'AC/62/2016 dated July 5,2016 in this regard; and
 - give a true and fair view of the net loss (including other comprehensive income) and other financial information for the consolidated year to date results for the year ended 31st March, 2018.
9. Emphasis of matter:
- As per the Management of Holding Company, certain provision for expenses amounting to Rs. 1,897.18 Lakhs pertaining to previous years are no longer required to be paid, in view of the same this amount is adjusted during the year against corresponding expenses.
 - Other Current Assets as at March 31, 2018 includes Rs 4340.02 Lakhs receivable from various Government Authorities by the Holding Company which are pending for assessments. The Management is confident of ultimate



Annexure A

Sr. No.	Particulars	Subsidiary/Step Down Subsidiary
1	Valecha Kachchh Toll Roads Limited	Subsidiary
2	Professional Realtors Private Limited	Subsidiary
3	Valecha International FZE	Subsidiary
4	Valecha Infrastructure Limited	Subsidiary
5	Valecha LM Toll Private Limited	Step-Down Subsidiary
6	Valecha Badwani Sendhwa Tollways Limited	Step-Down Subsidiary



Auditor's Report on quarterly and year to date Standalone Financial Results of VALECHA ENGINEERING LIMITED pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
**The Board of Directors of
VALECHA ENGINEERING LIMITED**

1. We have audited the accompanying standalone financial results of VALECHA ENGINEERING LIMITED ("Company") for the quarter and year ended 31' March, 2018 ("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 ("the Regulation"), read with SEBI Circular CIR/CFD/FAC/62/2016 dated July 5,2016 ("the Circular")
2. The quarterly standalone financial results for the quarter ended 31 March, 2018 and for the corresponding quarter ended 31 March, 2017 are the derived figures between the audited figures in respect of the year ended 31 March, 2018 and 31 March, 2017 and the published year to date figures up to the period 31st December, 2017 and up to 31st December, 2016, being the date of the end of the third quarter of the respective financial years, which were subjected to limited review.
3. This standalone financial results for the quarter and year ended 31 March, 2018 have been prepared on the basis of standalone financial results for the nine months ended 31 December, 2017, the audited annual Ind AS standalone Financial Statements as at and for the year ended 31 March, 2018, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Company's Management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these standalone financial results based on our review of the standalone financial results for the nine months period ended December 31, 2017 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) 34 Interim Financial Reporting specified under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual standalone Ind AS financial statements as at and for the year ended March 31, 2018 and the relevant requirements of the Regulation and the Circular.
4. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial



results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

5. The comparative financial result of the company for the quarter and year ended 31 March, 2017 included in these standalone financial statements, are based on the previously issued statutory financial statements prepared in accordance with the recognition and measurement principles of the Accounting Standards, specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and audited by the predecessor auditor whose report dated August 16, 2017 expressed an unmodified opinion on those standalone financial statements for the quarter and year ended 31 March, 2017. The adjustments to those standalone financial statements for the differences in accounting principles adopted by the company on transition to the Ind AS have been audited by us.

6. Basis for qualified opinion:

a. The Company has not evaluated expected credit loss provision as required under Ind AS 109 "Financial Instruments" for loans and advances aggregating to Rs 22,697.38 lakhs given to three of its subsidiaries and one step-down subsidiary. The Company has extended Corporate Guarantee aggregating to Rs 64386.17 Lakhs to Banks/Financial institution on behalf of these subsidiaries (including one step-down subsidiary) for which guarantee income of Rs 920.54 Lakhs and Rs 1,287.72 Lakhs for the quarter and year ended March 31, 2018, respectively have been recognized. Further, the Company has made investment aggregating to Rs 4,168.95 lakhs in above mentioned subsidiaries which have incurred losses and have negative net-worth as at March 31, 2018. In the absence of detailed information, we are unable to comment upon its impairment provision, if any, and corresponding impact on the loss of the year.

Further, the Company has also invested Rs 2,695.01 lakhs in three of its Associate Company for which financial statement are not made available by the Management, in the absence of the information and financial statements, we are unable to comment upon its impairment provision, if any.

b. The company has not provided for interest amounting to Rs. 391.50 lakhs on late payment of Tax deducted at Source. Further, the Company has not provided for penal interest for default in repayment of borrowings from Banks and Financial Institution. However, in the absence of detailed computation of penal interest, we are unable to comment upon its impact on the loss of the year.



- c. The Company has not repaid deposits (including unpaid interest upto March 2017 - Rs. 262.23 Lakhs) amounting to Rs. 3,165.09 Lakhs as at March 31, 2018 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). Further, the company has also not provided penal interest and fine as levied under rule 21 of (Acceptance of Public Deposit) Rules, 2014. Further in the absence of detailed information and computation of penal interest pertaining to previous years, if any, we are unable to comment upon its impact on the loss of the year.
- d. The company has not evaluated whether any impairment provision is required for expected credit losses (ECL) in accordance with Ind AS 109 - 'Financial Instruments' for Trade Receivables aggregating to Rs. 24,385.86 Lakhs which includes Rs. 16,029.64 Lakhs pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities. Also, the company has not evaluated whether any impairment provision is required for ECL in accordance with Ind AS mentioned above for loans extended to various related parties amounting to Rs. 93.89 Lakhs as at March 31, 2018. In the absence of relevant information, third party confirmation/reconciliation and detailed working, we are unable to comment upon its recoverability and corresponding impact of impairment on the loss of the year, if any.
- e. We did not audit the books of accounts of two project sites due to unavailability of supporting documents and records which includes total revenue of Rs 3,062.64 Lakhs, Net Loss of Rs 1,859.28 Lakhs and Net Assets of Rs 2,301 Lakhs. Hence, we are unable to comment its impact on the loss and corresponding total assets and liabilities of the company as at and for year ended March 31, 2018, had the said units have been audited by us.
- f. We did not audit total assets and total Liabilities of Rs 12,046.04 Lakhs and Rs 7,924.77 Lakhs respectively included in the Statement which pertains to seventeen project sites of the Company. The Company has not accounted for any transactions during the year for these sites, as it does not have any information and relevant documents to account for the same. In view of that, we are unable to comment upon resultant impact, if any on loss of the year and net assets as at March 31, 2018 of the company, had the said units have been audited by us.



- g. The Company has paid / provided managerial remuneration of Rs 198.34 Lakhs for which approval is sought from the Central Government vide form No. MR-2 dated 08/12/2017 & 28/03/2018. However, the same is subject to approval from Central Government.
7. In our opinion and to the best of our information and according to the explanations given to us, and subject to the possible effects of the matters described in paragraph 6 above and read with matters described in paragraph 8 below, these quarterly standalone financial results as well as the year to date results:
- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and
 - ii. give a true and fair view of the net loss (financial performance including other comprehensive income) and other financial information for the quarter and year ended 31st March, 2018.
8. Emphasis of matters:
- a. As per the Management, certain provision for expenses amounting to Rs. 1,897.18 Lakhs pertaining to previous years are no longer required to be paid, in view of the same this amount is adjusted during the year against corresponding expenses.
 - b. Other Current Assets as at March 31, 2018 includes Rs 4340.02 Lakhs receivable from various 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.
 - c. Note ---- in the Statement which indicates that the Company has accumulated losses and its net worth has been substantially eroded, the Company has incurred a net loss/net cash loss during the quarter and year ended March 31, 2018 and, the Company's current liabilities exceeded its current assets as at the balance sheet date. Further, the Company's loans from banks have been declared as Non-performing from December 2015 onwards due to default in repayment of principal and applicable interest. These conditions, along with other matters set forth in Note ----, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.



- d. We were given to understand by the Management that the Company has carried out Internal Audit Report for most of its project sites for the year ended 31st March, 2018 and is awaiting for the reports. Our opinion is not modified in respect of this matter.

For Kanu Doshi Associates LLP
Chartered Accountant
104746W/W100096



Jayesh Parmar
Partner
Membership No: 045375



Place: Mumbai
Date: July 19, 2018

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, 2018				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income	27549,60,296	Not ascertainable
	2	Total Expenditure	31095,22,395	
	3	Net Profit/(loss) before OCI	(3545,62,099)	
	4	Earnings Per Share- Basic	(15.74)	
	5	Total Assets	95538,20,344	
	6	Total Liabilities	92616,35,653	
	7	Net Worth	2921,84,691	
	8	Any Other Financial Item		
II. Audit Qualification (each audit qualification separately) :				
1	a.	Details of Audit Qualification :		
		<p>The Company has not evaluated expected credit loss provision as required under Ind AS 109 "Financial Instruments" for loans and advances aggregating to Rs 22,697.38 lakhs given to three of its subsidiaries and one step-down subsidiary. Also, the Company has extended Corporate Guarantee aggregating to Rs 64386.17 Lakhs to Banks/Financial institution on behalf of three subsidiaries (including one step-down subsidiary) for which fair valuation of guarantee income of Rs 920.54 Lakhs and Rs 1,287.72 Lakhs for the quarter and year ended March 31, 2018, respectively have been recognized. Further, the Company has made investment aggregating to Rs 4,168.95 lakhs in above mentioned subsidiaries which have incurred losses and have negative net-worth as at March 31, 2018. In the absence of detailed information, we are unable to comment upon its impairment provision, if any, and corresponding impact on the loss of the year.</p> <p>Further, the Company has also invested Rs 2,695.01 lakhs in three of its Associate Company. In the absence of detailed information and relevant financial statements, we are unable to comment upon its impairment provision, if any.</p>		
	b.	Type of Audit Qualification :	Qualified Opinion	
	c.	Frequency of qualification :	Once	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :		
	(i)	<p>The company has issued financial guarantee to Financial Institutions on behalf of three subsidiaries and one step down subsidiary based on terms of sanctioned letter issued by Financial Institutions. The company has charged commission for the providing corporate guarantee to the subsidiaries and same is recognised in financials. The guarantee provided is collateral security supported by main primary security of the subsidiary companies. Therefore, company has not provided for Impairment of Loans and advances to and Investment in Subsidiaries. The financial statements of associate companies could not be provided due to various reasons. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the company.</p>		



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2	a. Details of Audit Qualification :
	<p>The company has not provided for interest amounting to Rs. 391.50 lakhs on late payment of Tax deducted at Source. Further, the Company has not provided for penal interest for default in repayment of borrowings from Banks and Financial Institution. However, in the absence of detailed computation of penal interest, we are unable to comment upon its impact on the loss of the year.</p>
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Once
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : <p>Due to non-availability of surplus profit and cash flow for last few years, the company has not provided for interest on statutory liability and penal interest on banks / Financial Institutions. The company is approaching banks / Financial Institutions for Restructuring of Loans and hence, penal interest will be waived by banks / financial institutions.</p>
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
3	a. Details of Audit Qualification :
	<p>The Company has not repaid deposits (including unpaid interest upto March 2017 - Rs. 262.23 Lakhs) amounting to Rs. 3,165.09 Lakhs as at March 31, 2018 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). Further, the company has also not provided penal interest and fine as levied under rule 21 of (Acceptance of Public Deposit) Rules, 2014.</p> <p>Further in the absence of detailed information and computation of penal interest pertaining to previous years, if any, we are unable to comment upon its impact on the loss of the year.</p>
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Once
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Due to non-availability of surplus profit and cash flow for last few years, the company has not provided for penal interest on public deposit.






Handwritten signature or initials.

4	<p>a. Details of Audit Qualification :</p> <p>The company has not evaluated whether any impairment provision is required for expected credit losses (ECL) in accordance with Ind AS 109 - 'Financial Instruments' for Trade Receivables aggregating to Rs. 24,385.86 Lakhs which includes Rs. 16,029.64 Lakhs pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities. Also, the company has not evaluated whether any impairment provision is required for ECL in accordance with Ind AS mentioned above for loans extended to various related parties amounting to Rs. 93.89 Lakhs as at March 31, 2018. In the absence of relevant information, third party confirmation/reconciliation and detailed working, we are unable to comment upon its recoverability and corresponding impact of impairment on the loss of the year, if any.</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 :</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p>
	<p>(i) 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. This has been validated by legal consultant. Hence, the Board has decided not to account for Impairment provision.</p>
5	<p>a. Details of Audit Qualification :</p> <p>We did not audit the books of accounts of two project sites due to unavailability of supporting documents and records which includes total revenue of Rs 3,062.64 Lakhs, Net Loss of Rs 1,859.28 Cr and Net Assets of Rs 2,301 Lakhs. Hence, we are unable to comment its impact on the loss and corresponding total assets and liabilities of the company as at and for year ended March 31, 2018, had the said units have been audited by us</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of qualification : Once</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p>
	<p>(i) The company is facing strike, lock-out and local unrest at above mentioned site. Hence document could not be provided. However, as soon as the situation is normalised, the same will be provided to the auditor. However, Management do not foresee any material impacts on the financial statements.</p>
6	<p>a. Details of Audit Qualification :</p> <p>We did not audit total assets and total Liabilities of Rs 12,046.04 Lakhs and Rs 7,924.77 Lakhs respectively included in the Statement which pertains to 17 project sites of the company. The company does not have any information and relevant documents for transactions during the year for these units. Hence the company has not accounted the same. In the absence of the same, we are unable to comment upon resultant impact, if any on loss and net assets of the company, had the said units have been audited by us.</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of qualification : Once</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</p>
	<p>(i) Closure of mentioned sites due to heavy losses, the company is facing lock-out and local unrest at above mentioned site. Hence document could not be provided. However, as soon as the situation is normalised, the same will be provided to the auditor. However, Management do not foresee any material impacts on the financial statements.</p>



57

7	a. Details of Audit Qualification :
	The Company has paid / provided managerial remuneration of Rs 198.34 Lakhs. The company has applied to Central Government vide form No. MR-2 dated 08/12/2017 & 28/03/2018. However, the same is subject to approval from Central Government.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Once
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) The company has applied to Central Government for approval of Managerial Remuneration paid during the year. The approval for Managerial Remuneration is still awaited.
8	a. Details of Audit Qualification :
	The Holding Company has invested Rs 2,695.01 Lakhs in three of its Associate Companies. As the Holding Company does not have control on the said associates and the accounts were not made available to the Management, these associates have not been considered in the consolidated Ind AS financial statements. We are unable to comment upon the resultant impact, if any, on the loss of the consolidated Ind AS financial statements of the Company as at March 31, 2018, had the audited financial statement for the associates were made available.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Once
	d. For Audit Qualification(s) where the impact is quantified by the auditor,
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) The financial statements of associate companies could not be provided due to various reasons. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the company.

III.	Signatories :	Signatures
	Vice-Chairman-cum Managing Director Mr. Jagdish K. Valecha	
	Auditors For Kanu Doshi Associates LLP. Chartered Accountants Firm Registration No. Mr. Jayesh Parmar Partner M. No. 045375	 
	Place : Mumbai	
	Date : 19th July 2018	

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CFO
Anil Kojpe

