



**VALECHA**  
REDEFINING INFRASTRUCTURE

# **VALECHA ENGINEERING LIMITED**

**43<sup>RD</sup>**  
**ANNUAL REPORT 2019-20**



**VALECHA ENGINEERING LIMITED**

CIN: L74210MH1977PLC019535

**Board of Directors**

- Arvind Thakkar - Chairman w.e.f. 08.04.2020 Non Executive & Independent
- J. K. Valecha - Vice Chairman & Director upto 19.11.2019
- Tarun Dutta - Chief Executive Officer w.e.f. 30.07.2019
- Ketan H Gandhi - Independent Director upto 10.10.2019
- Sonal V Jltiya - Non-Executive Director upto 19.11.2019
- L. B. Takekar - Non Executive Director w.e.f. 28.03.2019
- Tejas Deshpande - Non Executive & Independent Director w.e.f. 14.11.2019
- Sadashiv N Kavi - Non Executive & Independent Director w.e.f. 14.11.2019

**Company Secretary & Legal** : Vijaykumar H. Modi

**Chief Financial Officer** : Anil S Korpe

**Auditors** : M/s. Bagaria & Co. LLP Chartered Accountants

**Bankers** : State Bank of India, Canara Bank, Axis Bank Ltd. and Lakshmi Vilas Bank Ltd. Syndicate Bank, Central Bank of India, Yes Bank, State Bank of Bikaner & Jaipur and ICICI Bank

**Registrars and Transfer Agents** : TSR Darashaw Consultants Private Limited - CIN: U74999MH2018PTC307859  
6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road,  
Mahalaxmi, Mumbai - 400 011 Tel: 022-66568484 ; Fax : 022-66568494

**Registered Office** : "Valecha Chambers", 4<sup>th</sup> Floor, Andheri New Link Road, Andheri (West), Mumbai-400 053.  
Tel. : 022-2673 3625 to 29; Fax : 022-2673 3945  
E-mail: ho@valecha.in/investor.relations@valecha.in;  
Website : www.valecha.in

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## NOTICE

NOTICE IS HEREBY GIVEN THAT the 43RD Annual General Meeting of the Members of the Company will be held on **Wednesday, September 30, 2020 at 9.30 A.M.** (IST) through Video Conferencing (VC)/other Audio Visual Means(OAVM) to transact the following businesses:

### ORDINARY BUSINESS:

#### Item No. 1. Adoption of Financial Statements

To consider and adopt:

- (a) the Audited Financial Statements of the Company for the Financial Year ended **March 31, 2020** and the Report of the Board of Directors and Auditors thereon; and
- (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended **March 31, 2020** and the Report of Auditors thereon.

### SPECIAL BUSINESS:

#### Item No. 2 Regularization of Additional Director, Shri Tejas Deshpande as an Independent Director

To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Tejas Deshpande (holding DIN 01942507), appointed as an Additional Director of the Company w.e.f. **14.11.2019** and whose term of office expires at the ensuing Annual General Meeting, be and is hereby appointed as a Non Executive & Independent Director of the Company to hold office for Five consecutive years for a term w.e.f. **30.09.2020** AND THAT he shall not be liable to retire by rotation.”

**RESOLVED FURTHER THAT** the Key Managerial Personnel and/or the Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary or expedient to give effect to this resolution.”

#### Item no. 3 Regularization of Additional Director, Shri S N KAVI as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Regulation 16(1)(b), 17(1A), 25 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri S N KAVI (holding DIN 05134904), appointed as an Additional Director of the Company w.e.f. **14.11.2019** and whose term of office expires at the ensuing Annual General Meeting ,be and is hereby appointed as a Non Executive & Independent Director of the Company to hold office for Five consecutive years for a term w.e.f. **30.09.2020** AND THAT he shall not be liable to retire by rotation.”

**“RESOLVE FURTHER THAT** approval of the Members of the Company be and is hereby granted for holding office by Shri S N KAVI as a Non Executive & Independent Director of the Company who has attended the age of 75 (Seventy-Five) years.”

**RESOLVED FURTHER THAT** the Key Managerial Personnel and/or the Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary or expedient to give effect to this resolution.”

#### Item no. 4 Regularization of Additional Director, Shri Arvind M Thakkar as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Regulation 16(1)(b), 17(1A), 25 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Arvind M Thakkar (holding DIN 02208108), appointed as an Additional Director of the Company w.e.f. **08.04.2020** and whose term of office expires at the ensuing Annual General Meeting ,be and is hereby appointed as a Non Executive & Independent Director of the Company to hold office for Five consecutive years for a term w.e.f. **30.09.2020** AND THAT he shall not be liable to retire by rotation.”

**“RESOLVE FURTHER THAT** approval of the Members of the Company be and is hereby granted for holding office by Shri Arvind M Thakkar as a Non Executive & Independent Director of the Company who has attended the age of 75 (Seventy-Five) years.”

**RESOLVED FURTHER THAT** the Key Managerial Personnel and/or the Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary or expedient to give effect to this resolution.”

**Item no. 5** To consider change of designation of Mrs. Lalna B Takekar

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** Mrs Lalna B Takekar be re designated as Non executive Director with effect from this Annual General Meeting

**RESOLVED FURTHER THAT** the Key Managerial Personnel and/or the Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary or expedient to give effect to this resolution.”

**Item No. 6** To consider the ratification of payment of remuneration to the Cost Auditor

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 1,00,000/- (Rupees One Lakh only) p.a. plus Goods and Service tax as applicable and reimbursement of actual travel and out of pocket expenses, if any, in connection with the Audit be paid to **M/s Darshan Vora & Co. (Membership No.36481)**, Cost Auditors of the Company, for the Financial Year **2020-21**, as approved by the Board of Directors of the Company, be and is hereby ratified.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid.”

For and on behalf of the Board  
**FOR VALECHA ENGINEERING LIMITED**

**VIJAYKUMAR MODI**  
**COMPANY SECRETARY & LEGAL**

Place: Mumbai  
 Date: 20.08.2020

**Registered Office:** “Valecha Chambers” 4th Floor, Plot No. B-6, Andheri New Link Road, Andheri (West), Mumbai - 400 053

**NOTES:**

- 1 In view of the continuing Novel Coronavirus (COVID-19) pandemic, social distancing is a norm to be followed and Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 20/ 2020 dated May 5, 2020, read with General Circular No. 14/ 2020 dated April 8, 2020 and General Circular No. 17/ 2020 dated April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the members at a common venue.

Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 (“Act”) read with the aforesaid MCA Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the 43rd AGM is being held through VC/ OAVM and the members can attend and participate in this AGM through VC/ OAVM.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held through VC / OAVM pursuant to the aforesaid MCA Circulars, read with Circular No. SEBI/ HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 (“said SEBI Circular”) issued by the Securities and Exchange Board of India (“SEBI”), physical attendance of Members has been dispensed with.

**Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.**

The Register of Members and Share Transfer Books of the Company will remain closed from the **Wednesday, 23<sup>rd</sup> September, 2020 to Wednesday 30<sup>th</sup> September, 2020** (both days inclusive).\*

3. In terms of the provisions of Section 112 and 113 of the Act read with the aforesaid MCA Circulars Institutional / Corporate Shareholders (i.e. other than individuals, HUF, NRI etc.) are entitled to appoint their authorized representatives to attend the AGM through VC/ OAVM on their behalf and participate thereat, including cast votes by electronic means (details of which are provided separately in this notice). Such Corporate Members are requested to refer ‘General Guidelines for Shareholders’ provided in the notice, for more information.
4. The attendance of the Members at the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. The members, seeking any information with regard to the accounts or any matter to be placed at the AGM or having any questions in connection with the matter placed at AGM, are requested to send email to the Company on or before, 23.09.2020 on 43agm@valecha.in. The same will be replied suitably.
6. Those Shareholders whose email IDs are not registered can get their Email ID registered by following procedure as mentioned in this notice. Further, for registration / updation of Bank details shareholders can refer this notice.
7. In accordance with the provisions of Section 139 of the Act, at the Annual General Meeting (“AGM”) held on 30.09.2019 M/s. Bagaria & Co., LLP Chartered Accountants (Firm Registration No. 113447W) were appointed as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of the 42nd AGM till the conclusion of 47th AGM, subject to the ratification by members at every AGM. The requirement to place the matter relating to the appointment of Auditors for ratification by Members at every Annual General Meeting was omitted vide notification dated May 7, 2018, issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for the ratification of appointment of Auditors in this Notice of AGM of the Company.

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8. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company are requested to submit Form SH -13 to the Registrar and Transfer Agent of the Company. Members holding shares in demat form may contact their respective Depository Participant ("DP") for recording of nomination.
9. In case of joint holders attending the Meeting. Only such joint holder who is higher in the order of names will be entitled to vote.
10. Members holding shares in physical form are requested to notify any changes apart from the changes in email id and bank details can be intimated to TSR Darashaw Consultants Private Limited. <TRF-DmatRegister@tsrdarashaw.com>
11. Members, whether holding shares in electronic/physical mode, are requested to quote their DP ID & Client ID or Folio No. for all correspondence with the Company / RTA.
12. Unclaimed Dividends In terms of Section 124 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account is required to be transferred to the Investor Education and Protection Fund (IEPF).

Accordingly, the dividend for the F.Y. 2012-13 & 2013-14 are due for transfer to IEPF in the year 2020 & 2021 respectively. Members are requested to ensure that they claim the respective dividend(s) before transfer of the said amount to IEPF. Members who have not encashed their dividend warrants for said dividend(s) are requested to contact the Company or/Registrar and Transfer Agent. Further, please note that pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('The Rules') notified by the Ministry of Corporate Affairs effective **September 7, 2016**, all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more would be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account.

13. NRI Members are requested to:
  - a) change their residential status on return to India permanently.
  - b) furnish particulars of bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank with PIN Code No., if not furnished earlier.
14. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form at earliest.
15. Members holding shares under different Folio Nos. in the same names are requested to apply for consolidation of folios and send relevant original share certificates to the Company's RTA for doing the needful.
16. In compliance with MCA General Circular 20/2020 dated May 5, 2020 and SEBI Circular dated May 12, 2020, Notice of the 43rd AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice of AGM and Annual Report for FY 2019-20 will also be available on the Company's website [www.valecha.in](http://www.valecha.in) and websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL <https://www.evoting.nsdl.com>.  
Members of the Company holding shares either in physical form or in Dematerialized forms as on Benpos date i.e. Friday 04.09.2020 will be sent Annual Report for the financial year 2019-20 through electronic mode.
17. Members who wish to inspect statutory registers required to be made available/kept open for inspection at AGM and Relevant documents referred to in this Notice of AGM can send an email to [43agm@valecha.in](mailto:43agm@valecha.in)
18. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice. The deemed venue for the AGM will be the Registered Office of the Company

### INSTRUCTIONS FOR REMOTE E-VOTING:

Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2015 as amended from time to time, and Regulation 44 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing 'remote e-voting' facility through National Securities Depository Limited (NSDL) to all Members of the Company to enable them to cast their votes electronically, on all resolutions mentioned in the notice of the 43rd Annual General Meeting ("AGM") of the Company.

### GENERAL INSTRUCTIONS:

- a) The remote e-voting period begins on Sunday, 27.09.2020 at 9.00 a.m. (IST) and ends on Tuesday, 29.09.2020 at 5.00 p.m. (IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Wednesday, 23.09.2020 may cast their votes by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting after 5.00 p.m. (IST) on Tuesday, 29.09.2020
- b) M/s. Ragini Chokshi & Co., Practicing Company Secretaries (Membership No.: FCS 2390; CP No: 1436), has been appointed as a Scrutiniser to scrutinise the remote e-voting process and e-voting at AGM in a fair and transparent manner.

- c) In accordance with Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company has fixed **23.09.2020** as the “cut-off date” to determine the eligibility to vote by remote e-voting or e-voting at the AGM. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date, i.e. 23.09.2020, shall be entitled to avail the facility of remote e-voting or e-voting at the AGM. Only those members, who will be present at the AGM through VC/ OAVM facility and who would not have cast their vote by remote e-voting prior to the AGM and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.
- d) The members who have cast their vote by remote e-voting may also attend the AGM through VC/ OAVM but shall not be entitled to cast their vote again.
- e) Any person, who acquires shares of the Company and becomes a Member of the Company after sending the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- f) The voting rights of Members shall be in proportion to their shares in the paid-up equity shares capital of the Company as on the cut-off date.
- g) The Scrutiniser shall submit his consolidated report to the Chairman within 48 hours from the conclusion of the AGM.
- h) The result declared along with the Scrutiniser’s Report shall be placed on the website of the Company at [www.valecha.in](http://www.valecha.in) and on the website of NSDL at <https://www.evoting.nsdl.com> and shall simultaneously be communicated to the BSE Limited and National Stock Exchange of India Limited (NSE) at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 30.09.2020

**PROCESS AND MANNER FOR MEMBERS OPTING TO VOTE THROUGH REMOTE E-VOTING:**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

**Step 1:** Log-in to NSDL e-Voting system at below link <https://www.evoting.nsdl.com/> How to Log-in to NSDL e-Voting website?

- 1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- 2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
- 3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- 4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 113613 then user ID is 113613001***

- 5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’
    - (ii) If your email ID is not registered, please follow steps mentioned below in “process for those shareholders whose email ids are not registered”

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6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - (a) Click on “Forgot User Details/Password” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (b) Physical User Reset Password” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open

### **Step 2 :** Cast your vote electronically on NSDL e-Voting system. How to cast your vote electronically on NSDL e- voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies ‘EVEN’ in which you are holding shares and whose voting cycle is in active status.
3. Select ‘EVEN’ of “VALECHA ENGINEERING LIMITED” for which you wish to cast your vote EVEN is 113613
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on ‘Submit’ and also ‘Confirm’ when prompted.
6. Upon confirmation, the message ‘Vote cast successfully’ will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for Members**

Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). and to the Company at [43agm@valecha.in](mailto:43agm@valecha.in)

- i) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the ‘Forgot User Details/Password’ or ‘Physical User Reset Password’ option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- ii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), contact Mr. Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) / 022-24994360 or Ms. Pallavi Mhatre, Manager, NSDL at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/022-24994545 or Mr. Sagar Ghosalkar, Assistant Manager- NSDL at [sagar.ghosalkar@nsdl.co.in](mailto:sagar.ghosalkar@nsdl.co.in) / 022-24994553.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES FOR PROCURING USER ID AND PASSWORD FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:**

- a) In case shares are held in physical mode, please provide signed scan copy of request letter mentioning Folio No., Name of shareholder, along with PAN (self-attested scan copy of PAN card), self-attested scan copy of Aadhar Card/any other address proof by email to TSR Darashaw Consultants Private Limited, Registrar & Transfer Agent at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)
- b) In case shares are held in demat mode, please provide signed scan copy of request letter mentioning DPID/CLID, Name, along with PAN (self-attested scan copy of PAN card), self-attested scan copy of Aadhar Card/ any other address proof by email to TSR Darashaw Consultants Private Limited Registrar & Transfer Agent at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)
- c) Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM:**

- a) The members can join the AGM in the VC/ OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice in points given below. The facility of participation at the AGM through VC/ OAVM will be made available for **1,000** Shareholders on ‘first come first serve’ basis.



This will not include large Shareholders (i.e. Shareholders holding 2% or more), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of 'first come first serve' basis. Instructions and other information for members for attending the AGM through VC/OAVM are given in this Notice.

- b) Members will be provided with a facility to attend the Meeting through VC/OAVM through the NSDL e Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVEN of Company will be displayed.
- c) Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- d) Members can participate in AGM through smart phone/ laptop, however, for better experience and smooth participation it is advisable to join the Meeting through Laptops connected through broadband.
- e) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- f) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- g) For ease of conduct, members who would like to ask questions / express their views may send their questions before 23.09.2020 mentioning their name, demat account number/folio number, email id, mobile number at 43agm@valecha.in. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered Email ID mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number at 43agm@valecha.in. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. The members can also ask questions concurrently.
- h) Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Mr. Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)/ 022-24994360 or Ms. Pallavi Mhatre, Manager, NSDL at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/ 022-24994545 or Mr. Sagar Ghosalkar, Assistant Manager NSDL at [sagar.ghosalkar@nsdl.co.in](mailto:sagar.ghosalkar@nsdl.co.in)/ 022-24994553. The member may also contact company at 43agm@valecha.in or contact on 022-42633227.

**THE DETAILS OF THE PROCESS AND MANNER FOR E-VOTING AT THE ANNUAL GENERAL MEETING ARE EXPLAINED HEREIN BELOW:**

- a) The procedure for e-Voting on the day of the Annual General Meeting is same as the instructions mentioned above for remote e-voting.
- b) Only those Members/ shareholders, who will be present in the meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the Annual General Meeting
- c) Members who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the meeting.
- d) The details of the persons who may be contacted for any grievances connected with the facility for e-Voting on the day of the Annual General Meeting shall be the same persons mentioned for Remote e-voting.

web link address: Visit the link: <https://green.tsrdarashaw.com/green/events/login/ve>.

### ANNEXURE TO THE NOTICE:

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013. [It may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015]:

In conformity with the provisions of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to items Nos. 2 to 6 contained in the accompanying Notice dated 20.08.2020.

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#### Item No. 2

Shri Tejas Deshpande (DIN: 01942507), aged 39 years, Graduated from I.L.S. Law College, Pune, and been practicing last 16 years. Specializing in the field of real estate, infrastructure and company law related cases. Predominantly, have a litigation practice, in various court with focus on High Court, Mumbai and Supreme Court of India.

He possesses long and diverse experience in Legal field for last 16 years. Besides, he also provides advisory services to his clients on a regular basis. He is the member of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Company. He is not holding any Equity Shares in the Company.

He was appointed as an Additional Independent Director on the Board of the Company on 14.11.2019 up to the next Annual General Meeting that may be held for the Financial Year 2019-20.

In the opinion of the Board, Shri Tejas Deshpande fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as a Non Executive & Independent Director of the Company and is independent of the management. The Copy of the draft letter of his appointment as a Non Executive & Independent Director setting out the terms and conditions would be available for inspection to the members without any fee at the Registered Office of the Company during normal business hours on working days.

The Company has also received notice in writing pursuant to Section 160 of the Act, from the member of the Company proposing the candidature of Mr. Tejas Deshpande to hold the office of Non Executive & Independent Director.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Tejas Deshpande being eligible for appointment, is proposed to be appointed for 5 Years as a Non Executive & Independent Director to hold office w.e.f. 30.09.2020.

The Company may pay sitting fees and professional fees to him as a Director of the Company. The details regarding the number of Meetings of the Board attended and remuneration paid to him are given in the Corporate Governance Report.

The Board considers his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as a Non Executive & Independent Director.

Accordingly, the Board recommends the resolution for the appointment of Mr. Tejas Deshpande as a Non Executive & Independent Director, for approval of the shareholders of the Company. He is not related to any director or key managerial personnel inter-se.

Except Mr Tejas Deshpande being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item no.2.

Other Directorship: Kirloskar Industries Ltd.

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#### Item No. 3

Shri S N Kavi (DIN 05134904), aged 79 years. He possesses long and diverse experience in the field civil engineering and infrastructure projects He is the member of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. He is not holding any Equity Shares in the Company.

He was appointed as an Additional Independent Director on the Board of the Company on 14.11.2019 up to the next Annual General Meeting that may be held for the Financial Year 2019-20.

In the opinion of the Board, Mr S N Kavi fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as a Non Executive & Independent Director of the Company and is independent of the management. The Copy of the draft letter of his appointment as a Non Executive & Independent Director setting out the terms and conditions would be available for inspection to the members without any fee at the Registered Office of the Company during normal business hours on working days.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr S N Kavi, being eligible for appointment, is proposed to be appointed as a Non Executive & Independent Director to hold office for Five Years w.e.f. 30.09.2020.

The Company has also received notice in writing pursuant to Section 160 of the Act, from the member of the Company proposing the candidature of Mr. S N KAVI to hold the office of Non Executive & Independent Director.

Further to comply with the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in accordance with the compliance of the SEBI circular SEBI/ HO/CFD/CMD/CIR/P/2018/79, dated 10th May, 2018, a **SPECIAL RESOLUTION** is being proposed to be passed by the Members for holding office by Mr S N kavi as a Non Executive & Independent Director of the Company, who has attended the age of 75 (Seventy Five) years.

The Board considers his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as a Non Executive & Independent Director.

Accordingly, the Board recommends the resolution for the appointment of Mr S N Kavi as a Non Executive & Independent Director, for approval of the shareholders of the Company. He is not related to any director or key managerial personnel inter-se.

The Company may pay sitting fees and professional fees to him as a Director of the Company. The details regarding the number of Meetings of the Board attended and remuneration paid to him are given in the Corporate Governance Report.

Except Shri S N Kavi being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item no.3

Other Directorship: Nil

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**Item No. 4**

Shri Arvind M Thakkar (DIN 02208108), aged 77 years. He possesses long and diverse experience in the field of Accounts, Audit, taxation, finance and banking. He is the member of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. He is holding 1,20,348 Equity Shares in the Company.

He was appointed as an Additional Independent Director on the Board of the Company on 08.04.2020 up to the next Annual General Meeting that may be held for the Financial Year 2019-20.

In the opinion of the Board, Mr Arvind M Thakkar fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as a Non Executive & Independent Director of the Company and is independent of the management. The Copy of the draft letter of his appointment as a Non Executive & Independent Director setting out the terms and conditions would be available for inspection to the members without any fee at the Registered Office of the Company during normal business hours on working days.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr Arvind M Thakkar being eligible for appointment, is proposed to be appointed as a Non Executive & Independent Director to hold office for Five Years w.e.f. 30.09.2020.

The Company has also received notice in writing pursuant to Section 160 of the Act, from the member of the Company proposing the candidature of Mr. Arvindkumar M. Thakkar to hold the office of Non Executive & Independent Director.

Further to comply with the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in accordance with the compliance of the SEBI circular SEBI/ HO/CFD/CMD/CIR/P/2018/79, dated 10th May, 2018, a **SPECIAL RESOLUTION** is being proposed to be passed by the Members for holding office by Mr Arvind M Thakkar as a Non Executive & Independent Director of the Company, who has attended the age of 75 (Seventy Five) years.

The Board considers his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director.

Accordingly, the Board recommends the resolution for the appointment of Mr Arvind M Thakkar as a Non Executive & Independent Director, for approval of the shareholders of the Company. He is not related to any director or key managerial personnel inter-se.

The Company may pay sitting fees and professional fees to him as a Director of the Company. The details regarding the number of Meetings of the Board attended and remuneration paid to him are given in the Corporate Governance Report.

Except Mr Arvind M Thakkar being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item no.4.

Other Directorship: Nil

**Item no. 5**

Mrs Lalna B Takekar was appointed as additional Director w ef 28.03.2019 The said Mrs Lalna B Takekar's appointment as Director was regularized in AGM held on 30.09.2019 for a period of 5 years With a view to comply with the provisions of section 152 (6) of The Companies Act 2013, the Board has recommended to re-designate Mrs Lalna B Takekar as Non executive Director liable to retire by rotation at every annual general meeting and eligible for re-appointment in accordance with the section 152 of the Companies act 2013

Mrs. Lalna Takekar is not related to any other Director and/or Key Managerial Personnel of the Company. Save and except the above named proposed appointee, none of the Directors and/or Key Managerial Personnel of the Company, including their respective relatives is in any way concerned or interested, financially or otherwise, in the said resolutions.

Other Directorships: Valecha Badwani Sendhwa Toll Ways Ltd, Valecha Kachchh Toll Roads Ltd, Valecha Infrastructure Ltd, Valecha Reality Ltd

The resolution as set out in Item No. 5 of this Notice is accordingly commended for your approval.

**Item no. 6**

The Board of Directors of the Company, at its meeting held on 20.08.2020, had, on the recommendation of the Audit Committee, considered and approved the appointment of M/s. Darshan Vora & Co. Cost Accountants (Membership No.36481) as the Cost Auditor of the Company for the Financial Year 2020-21 at a total remuneration of Rs. 1,00,000/- (Rupees One Lakh only) per annum plus Goods and Service tax as applicable and reimbursement of actual travel and out of pocket expenses, if any, in connection with the Audit

M/s. Darshan Vora & Co., Cost Accountants (Membership No.36481), have confirmed that they hold a valid certificate of practice under Sub-section (1) of Section 6 of the Cost and Works Accountants Act, 1959.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditor for the Financial Year 2020-21 .

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6

The Board commends passing of the Ordinary Resolution as set out in Item No. 6 for approval of the members.

For and on behalf of the Board  
**FOR VALECHA ENGINEERING LIMITED**

**VIJAYKUMAR MODI**  
**COMPANY SECRETARY & LEGAL**

Place: Mumbai  
 Date: 20.08.2020

**Registered Office:**

"Valecha Chambers" 4th Floor,  
 Plot No. B-6, Andheri New Link Road,  
 Andheri (West), Mumbai - 400 053

## DIRECTORS' REPORT

To The Members,

The Directors present their 43<sup>rd</sup> Annual Report and the Audited Statement of Accounts for the year ended **31<sup>st</sup> March, 2020**

Financial Highlights (Standalone)	Rs. in Crores	
	2019-20	2018-19
Revenue from Operations	207.89	184.3
Other Income	5.70	17.23
<b>Total Revenue</b>	<b>213.59</b>	<b>201.53</b>
Profit before Interest, Depreciation, Exceptional Items and Tax	4.66	7.62
<b>Less: Finance Cost</b>	<b>0.90</b>	<b>1.28</b>
Profit before Depreciation, Exceptional Items and Tax	3.76	6.34
<b>Less: Depreciation and Amortization Expenses</b>	<b>2.11</b>	<b>5.18</b>
<b>Profit/(Loss) before Exceptional Item and Tax</b>	<b>1.65</b>	<b>1.16</b>
<b>Exceptional Item</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) before Tax</b>	<b>1.65</b>	<b>1.16</b>
Provision for Tax ( Including earlier Year Taxation)	-	-
<b>Profit/(Loss) after Tax</b>	<b>1.65</b>	<b>1.16</b>
Other comprehensive income/(loss) for the year	1.72	1.25
<b>Total comprehensive income for the year</b>	<b>3.37</b>	<b>2.41</b>
<b>Retained Earnings- Opening Balance</b>	<b>(142.50)</b>	<b>(143.66)</b>
Add: Profit / (Loss) for the Year	1.65	1.16
<b>Retained Earnings- Closing Balance</b>	<b>(140.85)</b>	<b>(142.50)</b>

**1. Share Capital:**

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2020 was Rs. 22.53 Crores.

**2. Dividend:**

In view of the carried forward losses incurred during the year under review, the Board regrets its inability to recommend any dividend for the year ended 31<sup>st</sup> March, 2020.

**3. Reserves:**

No amount is being transferred to reserves.

**4. Operations/ State of affairs during the year:**

**Standalone**

The Company has achieved a turnover of Rs.207.89 crores as at 31<sup>st</sup> March, 2020 against Rs 184.30 crores resulting into an increase by 12.80%. The Company has earned Profit after Tax of Rs.1.65 crores against the Profit after Tax of Rs.1.16 crores in the previous year.

**Consolidated**

The Company has achieved a consolidated turnover of Rs.240.36 crores as at 31<sup>st</sup> March, 2020 against Rs 209.72 crores resulting into an increase by 14.61%. The company has incurred a consolidated Loss after Tax of Rs 156.50 crores against the Loss after Tax of Rs 150.26 crores in the previous year.

**5. Fixed Deposits:**

As on 31<sup>st</sup> March, 2020, Fixed Deposits stood at Rs.27.93 Crores as against Rs. 27.94 Crores in the previous year.

Details relating to deposits covered under The Companies (Acceptance of Deposits) Rules, 2014 for the Financial Year 2019-20; Deposit re-paid during the year 00.85 Lakhs to 3 FD holders.

The Company has not repaid deposits (including unpaid interest provided upto March 2017 of Rs.2.58 crores) amounting to Rs.30.51 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 sub-judiced. 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.

Despite the financial crunch and difficulties faced by the Company, the Company is making repayment to the Fixed Deposit holders.

**6. Material changes and commitments:**

There have been no material changes and commitments, affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report.

7. **Changes in the nature of business** There has been no change in the nature of business
8. **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

Few supplier/vendors had filed winding up petitions before the Bombay High Court and/or for liquidation under IBC. The company has challenged such cases by filing necessary legal action and Bombay High Court has stayed/put in abeyance the relevant cases.

9. **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134 of the Companies Act, 2013, and Rules thereunder:**

**A. Conservation of Energy:** At all the sites of the Company the consumption of power is regularly monitored and necessary measures are taken to regulate the consumption.

**B. Technology absorption:** During the year under review, there is no expenditure on Technology Absorption and on Research and Development.

**C. Foreign Exchange Earnings & Outgo:**

(Rs. in lakhs)

	2019 – 20	2018-19
Foreign Exchange Outgo	NIL	NIL
Foreign Exchange Earned	NIL	NIL

10. **Details of Subsidiary/Joint Ventures/Associate Companies:**

As on 31<sup>st</sup> March, 2020, the Company has the following 6 subsidiaries namely:-

Valecha Infrastructure Limited

Valecha LM Toll Private Limited

Valecha Kachchh Toll Roads Limited

Professional Realtors Private Limited

Valecha International FZE

Valecha Badwani Sendhwa Tollways Limited

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of Financial Statements of subsidiaries in **Form AOC-1** forms part of the Financial Statement and hence not repeated here for the sake of brevity.

11. **Consolidated Financial Statements**

The audited Consolidated Financial Statements of the Company also form part of the Annual Report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website [www.valecha.in](http://www.valecha.in). The Company will make available the audited annual accounts and associated information of its subsidiaries, upon request by any of its shareholders.

12. **Particulars of Loans, Guarantees or Investments under Section 186:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

13. **Auditors' and their Report:**

- **Statutory Auditor**

**M/s. Bagaria & Co. LLP** conducted the Statutory Audit for the year 2019-20. The Independent Auditors Report to the members of the Company in respect of the Standalone and Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020 form part of this Annual Report.

**STATUTORY AUDITORS** In accordance with the provisions of Section 139 of the Companies Act, 2013, at the Annual General Meeting held on 30.09.2019, **M/s. Bagaria & Co. LLP**, Chartered Accountants were appointed as the Statutory Auditors of the Company for a period of 5 years till the conclusion of 47<sup>th</sup> AGM subject to the ratification by the members at every AGM. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting was omitted vide notification dated May 7, 2018, issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Auditors in ensuing AGM of the Company. The Company has received a letter from **M/s. Bagaria & Co. LLP**, Chartered Accountants confirming that they are eligible for continuing as Statutory Auditors of the Company.

**Statutory Auditors' Remarks**

Relevant Notes to Standalone Financial Statement provide clarification to the Auditors' opinion in related points of the Audit report (Standalone)

Relevant Notes to Consolidated Financial Statement provide clarification to the Auditors' opinion in related point of the Audit report (Consolidated)

**Cost Auditor:**

Pursuant to Section 148 of the Companies Act, 2013, in terms of the Central Government's directives, the Board of Directors on the recommendation of the Audit Committee had appointed **M/s Darshan Vora & Co (M/36481)**, **Cost Accountant**, as the Cost Auditor of the Company for the year 2020-2021.

**M/s Darshan Vora & Co** have confirmed that their appointment is within the limits of Section 139 of the Companies Act, 2013 and has certified that they are free from any disqualifications specified under Section 148(5) and all other applicable provisions of the Companies Act, 2013.

The said auditors have given their eligibility certificate for appointment as Cost Auditor.

**- Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed **M/s Ragini Chokshi & Co, Practicing Company Secretary (Membership No.2390)**, a firm of Company Secretaries in practice to undertake the Secretarial Audit for the financial year ended 31<sup>st</sup> March, 2020. Their Report is annexed as **Annexure–A** to this report.

**14. Adequacy of Internal Financial Control**

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information to Directors

**15. Directors:**

**- Cessation of term of Directors:**

- Mr Ketan H Gandhi a resigned as Director with effect from 10.10.2019

Mr. Arvind Thakkar, Mr. Jagdish Valecha and Mrs Sonal Jitiya resigned as Director with effect from 19.11.2019

The Board places on record its appreciation for the immense contributions and valuable guidance given by all aforesaid 4 directors during their long association as Directors of the Company

**- Appointment of Directors:**

The Board of Directors at its meeting held on 14.11.2019 have appointed Mr. Tejas Deshpande (DIN: 01942507) and Mr S N Kavi (DIN: 05134904) as Additional Directors of the Company.

The Board, therefore, recommends their appointment as a Non Executive & Independent Directors of the Company. A brief resume and other relevant information has been furnished in the notice convening the AGM.

**Declaration by Independent Directors:**

Mr. Tejas Deshpande , Mr S N kavi & Mr. Arvind M. Thakkar Non Executive & Independent Directors on the Board of the Company, confirm that they meet the criteria of Independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

All Independent Directors have given declaration that they meet the criteria of independence as provided in section 149 (6) of the Act, and Regulation 16 and 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There has been no change in the circumstances, which has affected their status as Independent Director. The Non-Executive Directors of the company had no pecuniary relationship or transactions with the company.

In the opinion of the Board, they fulfill the conditions of independence as specified and are independent of the management.

**16. Board Evaluation**

The Nomination and Remuneration Committee has laid down criteria for performance evaluation of the Directors, Chairperson, Board Level Committees and the Board as a Whole and also the evaluation process for the same. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board Members and its Committees with the Company.

**17. Meetings of the Board of Directors:**

The details of the number of meetings of the Board held during the Financial Year 2019-20 forms part of the Corporate Governance Report.

**18. Committees of the Board of Directors**

The Board of Directors have the following Committees

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance section of this Report.

**19. Policies of the Board of Directors**

**I. Corporate Social Responsibility**

During the year under review, in view of the carried forward losses, Section 135 (1) of the Companies Act, 2013 is not applicable.

## II. Vigil Mechanism/Whistle Blower

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has framed a Vigil Mechanism/Whistle Blower Policy with a view to maintain high standards of transparency in Corporate Governance, deal with unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, if any. No communication from any employee of the company under the Whistle Blower Policy was received during the year.

## III. Remuneration Policy for Directors, Key Managerial Personnel and other employees

### A. Executive Directors

- a) No remuneration paid to the Managing Director and Whole Time Directors during the year under review
- b) The Remuneration to the Key Managerial Personnel and other employees will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

### B. Non-Executive Directors

Non-Executive Directors of a Company's Board of Directors add substantial value to the Company through their contribution to the Management of the Company. In addition they also play an appropriate control role.

#### Sitting Fees

Non-Executive Directors are entitled to sitting fees for attending meetings of the Board, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The sitting fees presently paid to the Non – Executive Directors for the F.Y. 2019-20 is Rs. 10,000/ – per meeting of the Board, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

## IV. Policy on Related Party Transaction

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

In light of the above, VEL has framed a policy on related party transaction. This policy has been adopted by the Board of Directors of the Company based on recommendations of Audit Committee.

The policy on Related Party Transactions, as approved by the Board, is available for viewing on the Company's website.

#### Particulars of Contracts or Arrangements with Related Parties:

The Contracts or Arrangements entered into by the Company with Related Parties have been done at arms' length and are in the ordinary course of business. Form AOC-2 as required under Section 134 (3)(h) is enclosed as **Annexure – B** to this report.

## 20. Compliance with Secretarial Standards

The Company has complied with applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Government of India under Section 118(10) of the Companies Act, 2013.

## 21. Maintenance of Cost Records

Pursuant to sub-section (1) of Section 148 of the Companies Act, 2013, the Company is required to maintain cost records and accordingly the Company has made and maintained such cost records.

## 22. Particulars of Employees:

There are no employees drawing salary pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## 23. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 [14 of 2013]:

As required by Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace. The Company has also constituted an Internal Complaints Committee with a mechanism of lodging complaints. During the year under review, there were no cases filed pursuant to the aforesaid Act.

## 24. Extract of the Annual Return:

The details forming part of the extract of the Annual Return in **Form MGT – 9** as required under Section 92 of the Companies Act, 2013, is marked as **Annexure – C** which is annexed hereto and forms part of the Directors' Report.

## 25. Corporate Governance and Management Discussion & Analysis Report:

The Company has complied with the Corporate Governance Code as stipulated under 27(2)(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. A separate section on Corporate Governance along with certificate from Secretarial Auditors confirming the compliance is annexed and forms part of the Annual Report. The Management Discussion and Analysis Report and Corporate Governance Report, appearing elsewhere in this Annual Report forms part of the Board's Report

**26. Risk Management Policy:**

Details on Risk Management Policy have been mentioned in the Corporate Governance Report annexed to this report.

**27. Reporting of Frauds**

During the year under review, there have been no instances of fraud reported by the Auditors including the Statutory Auditors of the Company under Section 143(12) of the Companies Act, 2013 and the Rules framed thereunder either to the Company or to the Central Government

**28. Director's Responsibility Statement:**

As required by Section 134(3)(c) of the Companies Act, 2013 your Directors state that:

- (a) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- (b) The accounting policies adopted in the preparation of the annual accounts have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 2019-20 and of the profit for the year ended 31<sup>st</sup> March, 2020.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts for the year ended 31<sup>st</sup> March, 2020 have been prepared on a going concern basis.
- (e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (f) That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**29. Acknowledgements:**

The Board wishes to place on record its appreciation to all employees of the Company for their continued contribution to the performance of the Company. The Board thanks all the Shareholders, Customers and various Authorities for their continued support during the year. Also, our sincere thanks and gratitude to Bankers/NBFCs who are continuously supporting the Company and its group at all the times for achieving its goal

For and on Behalf of the Board

**S. N KAVI**  
Director

**TEJAS DESHPANDE**  
Director

**LALNA B TAKEKAR**  
Director

Place :Mumbai  
Date :20.08.2020



**ANNEXURE A**  
**FORM NO MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE PERIOD 01-04-2019 TO 31-03-2020**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

**VALECHA ENGINEERING LIMITED**

Valecha Chambers 4th Floor, Plot no B-6,  
Andheri New Link Road, Andheri (West)  
Mumbai – 400053, Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VALECHA ENGINEERING LIMITED** (CIN: L74210MH1977PLC019535) (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering 1st April, 2019 to 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period 1st April, 2019 to 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;**(Not applicable as the Company has not issued any debt securities during the period under review)**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;**(Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review)**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable as the Company has not delisted its equity shares from any stock exchange during the period under review)**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable as the Company has not bought back any of its securities during the period under review)**
  - i) Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018;**(To the extent applicable)**
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Indian Contract Act, 1872
2. Maharashtra Building and Other Construction workers (Regulation of Employment and Conditions of Service) Rules, 2007.

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3. Building and other construction workers (Regulation of Employment and Conditions of Service) Act, 1996.
4. The Contract Labour (Regulation and Abolition) Act, 1970.
5. Environment Protection Act, 1986

Based on the Compliance Certificates obtained by the Company from the various functional heads and Factory Managers, we relied on the Compliances of the above mentioned statutes.

We have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards i.e SS-1 & SS-2 issued by The Institute of Company Secretaries of India.
- (b) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. We noted few observations as mentioned below:

1. The company has defaulted in payment to Fixed Deposit holders during the period under review. However, pursuant to National Company Law Tribunal orders dated 03.04.2019, 11.06.2019, 22.08.2019, 14.11.2019 and 26.05.2020. The Company will repay to the fixed deposit holders upon receipt of the funds.
2. As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 few filings made to Bombay Stock Exchange of India Limited and National Stock Exchange of India Limited were done beyond due date and there were some lapse in filings.
3. The company has not filed Return of Foreign Liability and Assets Statement (FLA) and Annual Performance Report with respect to its Foreign Subsidiary to Reserve Bank of India (RBI) for the F.Y 2018-19 and 2019-20 (as on the date of this report) as required in terms of RBI circular no. 145 dated 18.06.2014.
4. The following forms were not filed by the company:
  - a) Form CG-1 for condonation of delay for approval of Audited financials and Board's Report for the year ended 31-03-2019 were filed after the due date and MGT-14 will be filed subsequently.
  - b) Form DPT-3 Initial return and Annual Return is not filed with the Registrar of Companies for the year ended 31<sup>st</sup> March 2019.

### **We further report that**

The Board of Directors of the Company comprises of only Non-Executive Independent Directors, therefore the board is not properly balanced. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The Compliance by the company of applicable Financial Laws like Direct & Indirect Tax Laws, Goods and Service Tax has not been reviewed in the audit since the same has been subject to the review by the statutory financial audit and other designated professionals.

We further report that during the audit period, the company had no specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except following :

1. Mr. Tarun Dutta was appointed as Chief Executive Officer of the Company with effect from 30th July, 2019.
2. The Company has appointed new statutory auditors M/s Bagaria & Co LLP to fill in the casual vacancy caused due to resignation of M/s Kanu Doshi & Associates LLP with effect from 03rd April, 2019.
3. The Company held Extra-ordinary General Meeting (EOGM) on 4th June, 2019 for appointment of M/s Bagaria & Co LLP as statutory auditors, to fill in the casual vacancy caused by resignation of M/s Kanu Doshi & Associates LLP.
4. During the period the company had adjourned 2 of its Board Meetings and held the adjourned meeting before the expiry of 7 days as per the provisions of Section 174(4) of Companies Act, 2013 the details of which are as under:
  - a) Board Meeting held on 29.07.2019 was adjourned and held on 30.07.2019.
  - b) Board Meeting held on 14.08.2019 was adjourned and held on 21.08.2019.

**We further report that** during the audit period the company has following specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. The trading of the company has been suspended by National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited for non-payment of Annual Listing Fees.

**For Ragini Chokshi & Co**  
Company Secretaries

**Makarand Patwardhan**  
(Partner)

CP No: 9031

ACS: 11872

UDIN: 011872B000587084

Place: Mumbai  
Date: 17.08.2020

### **Annexure – A**

To,  
The Members,  
**VALECHA ENGINEERING LIMITED**  
Valecha Chambers 4th Floor,  
Plot no B-6, Andheri New Link Road,  
Andheri (West) Mumbai – 400053,  
Maharashtra

Our report of even date is to be read along with this letter.

1. The maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records.

We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

- a) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- b) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- c) The compliance of the provision of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
- d) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For Ragini Chokshi & Co**  
Company Secretaries

**Makarand Patwardhan**  
(Partner)

CP No: 9031

ACS: 11872

Place: Mumbai  
Date: 17.08.2020

### **ANNEXURE B**

#### **Form No. AOC – 2**

*[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]*  
2019-20

**Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis  
All contracts arrangements / transactions with related parties were on arms' length basis and were in the ordinary course of business.
2. Details of material contracts or arrangement or transactions at arm's length basis  
There was no material related party contract or arrangement or transaction during the year.

**ANNEXURE : C**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on Financial Year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	L74210MH1977PLC019535
2	Registration Date	5 <sup>th</sup> March, 1977
3	Name of the Company	VALECHA ENGINEERING LIMITED
4	Category/Sub-category of the Company	Public Company / Limited by shares
5	Address of the Registered office & contact details	Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053. Tel :022-2673 3625-29 Fax :022 – 2673 3945
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	TSR Darashaw Consultants Private Limited, 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011. Tel : 022 – 66568484

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Roads and Other Projects	4210	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	<b>Valecha Infrastructure Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U55101MH1995PLC084399	Wholly Owned Subsidiary Company	100%	2(87)(ii)
2.	<b>Professional Realtors Private Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U45400MH2007PTC169197	Wholly Owned Subsidiary Company	100%	2(87)(ii)
3.	<b>Valecha LM Toll Private Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U74900MH2010PTC202289	Subsidiary Company	74%	2(87)(ii)
4.	<b>Valecha Badwani Sendhwa Toll Ways Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U45203MH2011PLC215905	Subsidiary Company	74%	2(87)(ii)
5.	<b>Valecha Kachchh Toll Roads Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U45203MH2011PLC219600	Subsidiary Company	58%	2(87)(ii)
6.	<b>Valecha International (FZE)</b>	-	Subsidiary	100%	2(87)(ii)
7.	<b>Valecha Realty Limited</b> Valecha Chambers, 4 <sup>th</sup> Floor, New Link Road, Andheri (West), Mumbai-400 053	U70109MH2007PLC175404	Associate Company	49.90%	2(6)
8.	<b>Aryavrat Tollways Private Limited</b> 23 M.P Nagar, Zone II, Bhopal, Madhya Pradesh – 462001	U45203MP2012PTC029314	Associate Company	42.61%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year i.e. 01.04.2019				No. of Shares held at the end of the year .i.e 31.03.2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>										
(a)	Individuals / Hindu Undivided Family	13,276	0	13,276	0.06	13,276	0	13,276	0.06	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	40,04,169	0	40,04,169	17.77	40,04,169	0	40,04,169	17.77	0.00
(d)	Financial Institutions / Banks	0	0		0.00	0	0		0.00	0.00
(e)	Any Other (Specify)	0	0		0.00	0	0		0.00	0.00
(i)	Promoter Group	59,231	0	59,231	0.26	59,231	0	59,231	0.26	0.00
<b>Sub-Total (A) (1)</b>		40,76,676	0	40,76,676	18.09	40,76,676	0	40,76,676	18.09	0.00
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0		0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0		0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0		0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0		0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0		0.00	0.00
<b>Sub-Total (A) (2)</b>		0	0	0	0.00	0	0	0	0.00	0.00
<b>Total Shareholding of Promoter and Promoter Group (A)</b>		40,76,676	0	40,76,676	18.09	40,76,676	0	40,76,676	18.09	0.00
<b>(B) Public Shareholding</b>										
<b>(1) Institutions</b>										
(a)	Mutual Funds / UTI	0	10,012	10,012	0.04	0	10,012	10,012	0.04	0.00
(b)	Financial Institutions / Banks	2,692	0	2,692	0.01	2,692	0	2,692	0.01	0.00
(c)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	6,99,772	0	6,99,772	3.11	6,99,772	0	6,99,772	3.11	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)						0			
(i)	Foreign Institutional Investors – DR	0	0	0	0.00	0	0	0	0.00	0.00
	Foreign Portfolio Investors – Corp	38,92,537	0	38,92,537	17.28	38,92,537	0	38,92,537	17.28	0.00
<b>Sub-Total (B) (1)</b>		45,95,001	10,012	46,05,013	20.44	45,95,001	10,012	46,05,013	20.44	0.00
(2)	Non-Institutions									
(a)	Bodies Corporate									
i)	Indian	10,16,845	55,458	10,72,303	4.76	9,09,098	55,458	9,64,556	4.28	-0.48
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals –									

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Category of Shareholders		No. of Shares held at the beginning of the year i.e. 01.04.2019				No. of Shares held at the end of the year i.e 31.03.2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
I	Individual shareholders holding nominal share capital upto Rs. 1 lakh	57,67,018	1,57,682	59,24,700	26.30	58,63,590	1,57,652	60,21,242	26.73	0.43
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	65,66,300	1,41,073	67,07,373	29.77	65,77,505	1,41,073	67,18,578	29.82	0.05
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other	0	0	0	0	0	0	0	0.00	0.00
(i)	Trust	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Directors & their relatives	1,21,148	0	1,21,148	0.53	1,21,148	0	1,21,148	0.53	0.00
(iii)	IEPF	22,812	0	22,812	0.10	22,812	0	22,812	0.10	0.00
<b>Sub-total (B) (2)</b>		<b>1,34,94,123</b>	<b>3,54,213</b>	<b>1,38,48,336</b>	<b>61.47</b>	<b>1,34,94,153</b>	<b>3,54,183</b>	<b>1,38,48,336</b>	<b>61.47</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>		<b>1,80,89,124</b>	<b>3,64,225</b>	<b>1,84,53,349</b>	<b>81.91</b>	<b>1,80,89,154</b>	<b>3,64,195</b>	<b>1,84,53,349</b>	<b>81.91</b>	<b>0.00</b>
<b>TOTAL (A)+(B)</b>		<b>2,21,65,800</b>	<b>3,64,225</b>	<b>2,25,30,025</b>	<b>100.00</b>	<b>2,21,65,830</b>	<b>3,64,195</b>	<b>2,25,30,025</b>	<b>100.00</b>	<b>0.00</b>
(C)	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
(1)	<b>Promoter and Promoter Group</b>	0	0	0	0.00	0	0	0	0.00	0.00
(2)	<b>Public</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>2,21,65,800</b>	<b>3,64,225</b>	<b>2,25,30,025</b>	<b>100.00</b>	<b>2,21,65,830</b>	<b>3,64,195</b>	<b>2,25,30,025</b>	<b>100.00</b>	<b>0.00</b>

### ii)and iii) Shareholding of Promoters & Promoter group/PAC and change

Sr. no	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Valecha Investment Private Ltd.	40,03,745	17.77	5.38	40,03,745	17.77	5.38	0.00
2	Pavitra Ramchandra Valecha	7,169	0.03	0.00	7,169	0.03	0.00	0.00
3	Ramchand Hemandas Valecha	21,481	0.10	0.00	21,481	0.10	0.00	0.00
4	Kavita Vasudev Valecha	2,862	0.01	0.00	2,862	0.01	0.00	0.00
5	Sharda Hariram Valecha	10,125	0.04	0.00	10,125	0.04	0.00	0.00
6	Vasudev Pyarelal Valecha (HUF)	9,112	0.04	0.00	9,112	0.04	0.00	0.00
7	Alka Vasudev Valecha	1,948	0.01	0.00	1,948	0.01	0.00	0.00
8	Late. Lata Vasudev Valecha	6,199	0.03	0.00	6,199	0.03	0.00	0.00
9	Dinesh H Valecha – Karta For Hariram Pyarelal Valecha (Huf)	4,500	0.02	0.00	4,500	0.02	0.00	0.00
10	Bhavana Ramchand Valecha	3,375	0.01	0.00	3,375	0.01	0.00	0.00
11	Dinesh Valecha	2,812	0.01	0.00	2,812	0.01	0.00	0.00
12	Umesh Hariram Valecha	2,587	0.01	0.00	2,587	0.01	0.00	0.00
13	Gopaldas Vasudev Construction Pvt.Ltd.	424	0.00	0.00	424	0.00	0.00	0.00
14	Geeta Dinesh Valecha	337	0.00	0.00	337	0.00	0.00	0.00
		<b>40,76,676</b>	<b>18.09</b>	<b>5.38</b>	<b>40,76,676</b>	<b>18.09</b>	<b>5.38</b>	<b>0.00</b>

iv) Shareholding Pattern of Top 10 Shareholders (Other than Director, Promoters and Holders of GDRS and ADRs):

Sr. no	Name	No of shares as on 31.03.2019	No of shares as on 31.03.2020	Net Changes	% to Capital
1	Suman Kishanchand Aggarwal	29,28,504	29,28,504	0	0.00
2	Hypnos Fund Limited	2000000	2000000	0	0.00
3	Em Resurgent Fund	1000000	1000000	0	0.00
4	Orange Mauritius Investments Limited	8,92,537	8,92,537	0	0.00
5	General Insurance Corporation Of India	6,99,772	6,99,772	0	0.00
6	Hitesh Ramji Javeri	6,75,226	6,75,226	0	0.00
7	Mahesh Awatrai Bhojwani	5,24,015	5,24,015	0	0.00
8	Harsha Hitesh Javeri	4,50,000	4,50,000	0	0.00
9	Darshana Umakant Rege	3,00,000	0	3,00,000	-1.33
10	Sanjay R. Chhabria	2,25,000	2,25,000	0	0.00
11	Soni Gopal Valecha	1,36,100	1,36,100	0	0.00
12	Atul Umakant Rege	0	3,00,000	3,00,000	1.33

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2019)		Shareholding at the end of the year (as on 31.03.2020)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Arvind Maganlal Thakkar upto 19.11.2019	120,348	0.53	120,348	0.53
2	Jagdish Valecha upto 19.11.2019	0	0	0	0
3	Lalna Takekar	0	0	0	0
4	Ketan Harshadrai Gandhi upto 10.10.2019	800	0	800	0
5	Sonal Jitiya upto 19.11.2019	0	0	0	0
6	Tejas Deshpande w.e.f 14.11.2019	0	0	0	0
7	S. N. Kavi w.e.f 14.11.2019	0	0	0	0
8	Vijaykumar Modi	0	0	0	0
9	Anil Korpe	0	0	0	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Crores)

	Secured Loans excluding deposits	Unsecured Loans	Fixed Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	454.38	-	28.16	482.54
ii) Interest due but not paid	117.53	-	2.58	120.11
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>571.91</b>	<b>-</b>	<b>30.74</b>	<b>602.65</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	3.00	-	3.00
* Reduction	(6.35)	-	0.01	(6.34)
<b>Net Change</b>	<b>(6.35)</b>	<b>3.00</b>	<b>0.01</b>	<b>(3.34)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	448.03	3.00	28.15	480.18
ii) Interest due but not paid	117.53	-	2.58	120.11
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>565.56</b>	<b>3.00</b>	<b>30.73</b>	<b>599.29</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Directors: NIL

## B. Remuneration to other directors

(Rs. In Crores)

Sr. No.	Particulars of Remuneration	Jagdish Valecha	Ketan Gandhi	Sonal Jitiya	Arvind Thakkar	Lalna Takekar	Tejas Deshpande	S.N. Kavi	Total
1	Independent Directors	-	-	-	-	-	-	-	-
	Fee for attending Board & Committee meetings	-	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	-	-	-	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-	-	-	-
	Fee for attending board & committee meetings	0.006	0.017	0.021	0.005	0.020	0.007	0.007	0.082
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
<b>Total (2)</b>	-	-	-	-	-	-	-	-	
<b>Total (B)=(1+2)</b>	0.006	0.017	0.021	0.005	0.020	0.007	0.007	0.082*	

\*INCLUDES PREVIOUS YEAR RS. 3,30,000/- &amp; CURRNT YEAR RS. 4,90,280/-

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(Rs. In Crores)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	Chief Financial Officer	
1	Gross salary	0.47	0.18	0.17	<b>0.82</b>
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	– as % of profit others, specify...				
5	Others, (EPF Company Contribution)	0.01	0	0.005	0.015
	<b>Total</b>	<b>0.48</b>	<b>0.18</b>	<b>0.175</b>	<b>0.835</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL



## REPORT ON CORPORATE GOVERNANCE

A compliance report on Corporate Governance is included in this Annual Report in compliance of Regulation 34(3) read with Schedule V Part C appended to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter collectively termed as "said regulations")

### 1. Company's Philosophy on Code of Governance:

The basic philosophy of Corporate Governance of the Company is to achieve business excellence and dedicate itself to increasing long-term shareholders value, keeping in view the need and interest of all its stakeholders' viz. customers, shareholders, employees, regulatory bodies, vendors, bankers etc.

### 2. Board of Directors:

#### Composition and size of the Board:

**3 (Three) Non-Executive Independent Directors & 1 (one) Non-Executive Director**

The members of the Board are acknowledged as businessmen and professionals in their respective fields.

Non-Executive Independent Directors bring independent judgment in the Board's deliberations and decisions.

The Company has no pecuniary relationship / transaction with any of the Non-Executive Directors other than those disclosed elsewhere in this Annual Report.

#### Board Meetings and Attendance

During the year 2019-2020, the Board met 8 times, with at least one meeting in every quarter and with a gap of less than 120 Days between two meetings on the following dates, namely:

02<sup>nd</sup> May, 2019, 30<sup>th</sup> July, 2019, 21<sup>st</sup> August, 2019, 17<sup>th</sup> October, 2019, 14<sup>th</sup> November, 2019, 19<sup>th</sup> November, 2019, 09<sup>th</sup> December, 2019, 14<sup>th</sup> February, 2020.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees in which he/she is a Director.

The following table gives details of Directors, Attendance of Directors at the Board Meetings and the last Annual General Meeting, number of memberships held by Directors in the Board/Committees of various other companies:

Name	Category	DIN	Attendance particulars		Number of other Directorship and Committee Membership/Chairmanship		
			Board Meeting	Last AGM	Other Directorship (excluding Pvt. Ltd. Companies)	Committee Membership	Committee Chairmanship
Mr. Arvind Thakkar	Non-Executive & Independent upto 19.11.2019	02208108	1		0	3	2
Mr. J. K. Valecha	Non – Executive upto 19.11.2019	00013070	6		1	-	-
Mrs. Lalna Takekar	Non Executive & Independent Director	08111805	8		4	-	-
Mr. Ketan Gandhi	Non-Executive & Independent upto 10.10.2019	00650579	3		1	2	1
Mrs. Sonal V. Jitiya	Non-Executive upto 19.11.2019	00668047	6		0	3	0
Mr. Tejas Deshpande	Additional Director w.e.f 14/11/2019	01942507	4		1	3	0
Mr. S.N. Kavi	Additional Director w.e.f 14/11/2019	05134904	4		0	3	0

### 3. Audit Committee

#### Terms of Reference in brief:

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee subject to Section 177 of the Companies Act, 2013 and Regulation 18 and Part C of Schedule II of the SEBI Listing Regulations, 2015:

- Overseeing of the Company's financial reporting process and disclosure of financial information and financial/risk management policies.
- Review of Quarterly and Annual Financial Statements ensuring compliance with regulatory guidelines and auditors report thereon.
- Review of the adequacy of Internal Control Systems, discussion on significant Internal Audit findings including internal control and weakness, if any and risk management.

- iv. Recommend appointment, removal of Statutory Auditors, Cost Auditors, Internal Auditors & their remuneration.
- v. Review and approval of material related parties' transactions and subsequent modification thereto.
- vi. Review and approve appointment of CFO or any other person heading the finance function.
- vii. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- viii. Scrutiny of inter-corporate loans and investments.
- ix. Valuation of undertakings or assets of the Company, wherever it is necessary.
- x. Review Management Discussion & Analysis of financial condition and the Company's Financial Results
- xi. Review areas of operation of Internal Audit team & their performance

### Composition of Audit Committee of the Board:

Name of Director	Category	Chairman/Member
Mr. Arvind Thakkar upto 19.11.2019	Non-Executive & Independent Director	Chairman
Mrs. Lalna Takekar	Non-Executive & Independent Director	Member
Mr. Ketan Gandhi upto 10.10.2019	Non-Executive & Independent Director	Member
Mrs. Sonal Jitiya upto 19.11.2019	Non-Executive Director	Member
Mr. Tejas Despande w.e.f 14.11.2019	Additional Director	Member
Mr. S.N. Kavi w.e.f 14.11.2019	Additional Director	Member

### Meetings of the Audit Committee:

The Audit Committee met 6 times during the year 2019-2020 on 02<sup>nd</sup> May, 2019, 29<sup>th</sup> July, 2019, 21<sup>st</sup> August, 2019, 14<sup>th</sup> November, 2019, 09<sup>th</sup> December, 2019 and 14<sup>th</sup> February, 2020.

The attendance of the members at the meeting was as follows:

Name of Director	Position	Attendance at Meetings
Mr. Arvind Thakkar upto 19.11.2019	Chairman	0
Mrs. Lalna Takekar	Member	6
Mr. Ketan Gandhi upto 10.10.2019	Member	3
Mrs. Sonal Jitiya upto 19.11.2019	Member	4
Mr. Tejas Deshpande w.e.f 14.11.2019	Member	2
Mr. S.N. Kavi w.e.f 14.11.2019	Member	2

The Chief Financial Officer is a permanent invitee at the meeting. The Company Secretary acts as the Secretary to the meeting

#### 4. Nomination and Remuneration Committee:

The terms of reference of the Nomination and Remuneration Committee are mentioned in the provisions of Section 178 of the Companies Act, 2013 read with Part D(A) of Schedule II and Regulation 19 of the SEBI Listing Regulations, 2015:

- i. Identifying persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board his/her appointment and removal;
- ii. Conduct the evaluation of every director's performance;
- iii. Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- iv. Recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- v. Formulation of criteria for evaluation of independent directors and the Board
- vi. Devising a policy on Board diversity; and
- vii. Any other matter as the Board may decide from time to time.

### Composition of Nomination and Remuneration Committee of the Board:

Name of Director	Category	Chairman/Member
Mr. Arvind Thakkar upto 19.11.2019	Non-Executive & Independent Director	Member
Mrs. Lalna Takekar	Non-Executive & Independent Director	Member
Mr. Ketan Gandhi upto 10.10.2019	Non-Executive & Independent Director	Chairman
Mrs. Sonal Jitiya upto 19.11.2019	Non-Executive Director	Member
Mr. Tejas Despande w.e.f 14.11.2019	Additional Director	Member
Mr. S.N. Kavi w.e.f 14.11.2019	Additional Director	Member

The Company Secretary acts as the Secretary to the meeting

**Remuneration policy and Remuneration paid to Directors:**

The sitting fees presently paid to the Non – Executive Directors for the F.Y. 2019-2020 is Rs. 10,000/ – per meeting of the Board, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

There is no pecuniary relationship or transaction entered into by the Company with any of the Directors of the Company except as disclosed herein below as regards the remuneration including the sitting fees paid to them.

(Rs.)

Sr. No.	Name of Directors	Shareholding as on 31.03.2020	Salary and Perquisites	Sitting Fees	Commission	Total
1	Mr. Arvind Thakkar	1,20,348	0	50,280	-	50,280
2	Mr. Jagdish K. Valecha	0	0	60,000	-	60,000
3	Mrs. Lalna Takekar		0	2,00,000	-	2,00,000
4	Mr. Ketan Gandhi	800	0	1,65,000	-	1,65,000
5	Mrs. Sonal V. Jitiya		0	2,05,000	-	2,05,000
6	Mr. Tejas Deshpande		0	70,000	-	70,000
7	Mr. S.N. Kavi		0	70,000	-	70,000
	<b>Total</b>	-		<b>8,20,280</b>		<b>8,20,280</b>

\*INCLUDES PREVIOUS YEAR RS.3,30,000/ – & CURRNT YEAR RS. 4,90,280/-.

The Company does not have any stock option scheme. Other than above mentioned fees, no other remuneration is paid to non-executive directors.

**5. Performance Evaluation criteria for Directors:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements), 2015 the Board has carried out an annual performance evaluation of the working of its own performance, the Directors individually as well as evaluation of its Committees.

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Independent Directors, Board of Directors and Committees of the Board of Directors.

The Board of Directors carry out the performance evaluation of Independent Directors and the director who is subject to evaluation does not participate during his evaluation.

**6. Independent Directors' Meeting**

During the year under review, the Independent Directors met on 06/03/2020 *inter alia*, to:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors
- Assess the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors attended the Meeting.

**7. Familiarization programme for Independent Directors**

As and when a new Independent Director is appointed, the Company takes steps to familiarize the Independent Director with the Company, his/ her roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

The Directors are also explained in detail about the compliances required from them under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

**8. Stakeholder's Relationship Committee:**

Stakeholders Relationship Committee specifically looks into redressing of Shareholders' and Investors' Complaints regarding transfer of shares, non-receipt of Dividend warrants and Annual Reports include enquiring into and redress complaints of Shareholders and Investors and to resolve the grievance of security holders of the Company.

All the requests / correspondence received for the financial year ended 31<sup>st</sup> March, 2020, were duly addressed by the Company/Registrar & Transfer Agent, **TSR Darashaw Consultants Private Limited**, appropriately. No queries are pending for resolution except where they are constrained by dispute or legal impediments or due to incomplete or non-submission of documents by the concerned Shareholders.

**Composition of Stakeholders Relationship Committee:**

Name of Director	Category	Chairman/Member
Mr. Arvind Thakkar upto 19.11.2019	Non-Executive & Independent Director	Chairman
Mrs. Lalna Takekar	Non-Executive & Independent Director	Member
Mr. Ketan Gandhi upto 10.10.2019	Non-Executive & Independent Director	Member
Mrs. Sonal Jitiya upto 19.11.2019	Non-Executive Director	Member
Mr. Tejas Despande w.e.f 14.11.2019	Additional Director	Member
Mr. S.N. Kavi w.e.f 14.11.2019	Additional Director	Member

Name and Designation of the Compliance Officer: **Mr. Vijaykumar H. Modi** – Company Secretary & Legal.

During the year under review, the Company had received 10 complaints from shareholders and the same have been redressed to their satisfaction.

**9. Risk Management Policy**

The Company has set up a Risk Review Team ('Team') to review the risks faced by the Company and monitor the development and deployment of risk mitigation action plans. The Team reports to the Board of Directors and the Audit Committee who provide oversight for the entire risk management framework in the Company.

Accordingly, during the year, the Directors have reviewed the risk management policy and processes and also the risks faced by the Company and the corresponding risk mitigation plans deployed.

The Company is not required to constitute a Risk Management Committee, as the Company falls outside the purview of the provisions of Regulation 21(5) of the SEBI Listing Regulations, 2015.

**10. Details of establishment of Vigil Mechanism for directors and employees**

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has framed a Vigil Mechanism/Whistle Blower policy with a view to maintain high standards of transparency in Corporate Governance, deal with unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, if any. No communication from any employee of the company under the Whistle Blower Policy was received during the year.

**11. Subsidiary Companies:**

None of the Company's subsidiary is a material subsidiary during the year under review.

The Audit Committee reviews the financial statements including the investments made by the unlisted subsidiary companies. The minutes of the Board of Directors of the unlisted subsidiary companies are provided to the Board of Directors of the Company as a part of the Board Meeting Agenda notes.

**12. General Body Meetings:**

The details of last three Annual General Meeting of the Company are as follows:

Date	Time	Details of Special Resolution	Relevant Section	Location
30.09.2019	10.30 a.m	Consider the re-appointment of Mr. Arvindkumar M. Thakkar as a Non Executive & Independent Director	149, 152	Babasaheb Dahanukar Sabhagriha, Orion House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai – 400001
29.09.2018	03:00 p.m.	To consider the waiver of recovery of remuneration paid/ provided to Mr. Jagdish Valecha	197	Babasaheb Dahanukar Sabhagriha, Orion House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai – 400001
		To consider the waiver of recovery of remuneration paid/provided to Mr. Dinesh Valecha		
		To consider the waiver of recovery of remuneration paid to Mr. Tarun Dutta		
29.09.2017	10:30 a.m.	Re-appointment and payment of remuneration to Mr. Jagdish K. Valecha	196,197,198 & 203	Babasaheb Dahanukar Sabhagriha, Orion House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai – 400001
		Re-appointment and payment of remuneration to Mr. Dinesh H. Valecha		
		Appointment and payment of remuneration to Mr. Tarun Dutta		

As on date of this report, there is no proposal to pass any special resolution through Postal Ballot.

**13. Disclosures:**

1. There are no transactions of material nature that have been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company. Transactions with related parties are disclosed in notes to Accounts forming part of the Balance Sheet in the Annual Report.
2. The Directors' Report includes details of Management Discussion and Analysis including Risks & Concerns.
3. Whistle Blower Policy: The Company takes cognizance of complaints made and suggestions given by the employees and others.
4. The mandatory requirements as per SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 have been complied with by the Company.

**14. Means of Communication:**

- Quarterly/Half yearly/Financial results are published in leading English & Marathi newspapers.
- Quarterly, Half Yearly and Annual Financial Results of the Company immediately after approval of the Board are sent to the Stock Exchange together with a copy of Limited Review Report/Audit Report and Half-yearly Statement of Assets & Liabilities as applicable.
- All the data related to Quarterly, Annual Financial Results, Shareholding Pattern etc. are uploaded as required in terms of SEBI(Listing Obligation and Disclosure Requirement), Regulations 2015.
- Management Discussion and Analysis Report forms part of the Annual Report.

**15. Reconciliation of Share capital Audit Report:**

A qualified practicing Company Secretary carried out a Reconciliation of Share capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of dematerialized shares held with NSDL and CDSL.

**16. Code of Conduct:**

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company and the same is posted on the Company's website "www.valecha.in". All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and a declaration to this effect signed by the Directors has been obtained and is enclosed below.

**DECLARATION UNDER CODE OF CONDUCT:**

It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood for compliance with the Code of Conduct framed by the Company and confirmations for the year ended **31.03.2020** have been obtained from the Directors and Senior Management Personnel of the Company.

For and on behalf of the Board

**For Valecha Engineering Limited**

**Lalna Takekar**  
Director

**Tejas Deshpande**  
Director

**S.N. Kavi**  
Director

Date : 20<sup>th</sup> August, 2020  
Place : Mumbai

**17. CEO/CFO Certification**

As required under Listing Regulations, the Chief Executive Officer and the Chief Financial Officer of the Company have issued a certificate to the Board of Directors, for the year ended 31<sup>st</sup> March, 2020.

**18. VEL Code of Conduct for Prevention of Insider Trading:**

In compliance with SEBI's regulation on prevention of insider trading, the Company had instituted a comprehensive Code of Conduct for prevention of Insider Trading for its Designated Persons. The Code lays down guidelines, which regulates Trading Window period, seeks disclosures of annual holdings and prohibits dealing in shares of the Company during the closure of Trading Window or when in possession of unpublished price sensitive information, besides compliance with other related matters.

In accordance with the newly notified SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended by SEBI (Prohibition of Insider Trading) (Amendment) Regulation, 2018 the Company has laid down new Code of Conduct to regulate, monitor and report trading by Designated Persons pursuant to Regulation 9(1) and Schedule B of the SEBI (Prohibition of Insider Trading) Regulations.

## 43rd Annual Report 2019-2020

### 19. General Shareholder Information:

43 <sup>rd</sup> Annual General Meeting	<b>Day &amp; Date</b> : Wednesday, 30 <sup>th</sup> September, 2020 <b>Time</b> : 09.30 A.M <b>Venue</b> : Through Video Conferencing/ OVAM at the Registered Office of the Company	
Financial Calendar	April to March (Financial year) First Quarter Results – 1 <sup>st</sup> /2 <sup>nd</sup> week of August Second Quarter Results – 1 <sup>st</sup> /2 <sup>nd</sup> week of November Third Quarter Results – 1 <sup>st</sup> /2 <sup>nd</sup> week of February Annual Audited Result – Last week of May	
Book Closure	Wednesday, 23 <sup>rd</sup> September, 2020 to Wednesday, 30 <sup>th</sup> September, 2020.	
Listing on Stock Exchange	<b>BSE Limited</b>	<b>National Stock Exchange of India Limited</b>
a) Stock Code No.	532389	VALECHAENG
b) Code on Screen	532389	VALECHAENG
Disclosure on suspension of trading	w.e.f. 29 <sup>th</sup> November, 2016 for Non-submission of Audited/Unaudited Results for the year ended 31 <sup>st</sup> March, 2016 and Quarter ended 30 <sup>th</sup> June, 2016. The Company has made application to BSE Limited and National Stock Exchange of India Limited for revocation of suspension of trading. The Company expects to commence trading at BSE Limited in due course.	
Registrar and Transfer Agents	<b>TSR Darashaw Consultants Private Limited</b> <b>CIN:</b> U74999MH2018PTC307859 6-10 Haji MoosaPatrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011. Tel.: 66568484 • Fax: 66568494	

\* Share Transfer System: The Company's Shares are traded in compulsory demat mode and are transferable through depository system. All the physical transfers received are processed by the registrar and transfer agents and approved by Share Transfers Committee, which meets at regular intervals.

\* Distribution of Shareholding: As on 31<sup>st</sup> March, 2020.

Shareholding of Nominal Value		Shareholders		Share Amount	
Rs.	Rs.	No.	% to Total	Rs.	% to Total
1	5,000	12,093	81.94	1,86,07,350	8.25
5,001	10,000	1329	9.01	1,08,30,800	4.81
10,001	20,000	670	4.54	1,02,52,490	4.55
20,001	30,000	245	1.66	62,41,010	2.77
30,001	40,000	108	0.73	38,66,680	1.72
40,001	50,000	82	0.56	38,92,160	1.73
50,001	1,00,000	136	0.92	1,01,79,810	4.52
1,00,001	Above	95	0.64	16,14,29,950	71.65
<b>TOTAL</b>		<b>14758</b>	<b>100</b>	<b>22,53,00,250</b>	<b>100</b>

Shareholding Pattern as on 31.03.2020			
Sr. No.	Category	No. of Shares	%
1	Promoters (Promoter group)	40,76,676	18.09
2	NRI's	10,68,360	4.74
3	Bodies Corporate	9,64,556	4.28
4	Financial Institutions/Mutual Fund	7,12,476	3.16
5	Foreign Institution Investors	38,92,537	17.28
6	<b>Others:</b>		
	Independent Directors	1,21,148	0.53
	Shares held by Custodians issued against GDRs		0.00
	Indian Public	1,16,71,460	51.81
	Investor Education Protection Fund	22,812	0.10
	<b>TOTAL</b>	<b>2,25,30,025</b>	<b>100.00</b>

\* Dematerialization of Shares: As on 31<sup>st</sup> March, 2020, **98.38%** of the Company's total shares representing **2,21,65,830** shares were held in dematerialized form.

The Share are available in Demat form with:

1. Central Depository Services (India) Limited ISIN-INE624C01015
2. National Securities Depository Limited ISIN-INE624C01015

\* Plant Location: The Company has various sites.

\* Address for correspondence:

**(1) Company:**

**VALECHA ENGINEERING LIMITED** - "Valecha Chambers", 4th Floor, Andheri New Link Road, Andheri (West), Mumbai-400 053.

CIN: L74210MH1977PLC019535

Tel : 022 – 2673 3625 to 29

Fax : 022 – 2673 3945

E-mail: [ho@valecha.in](mailto:ho@valecha.in) investor.relations@valecha.in

For and on behalf of the Board

**For VALECHA ENGINEERING LIMITED**

**LALNA TAKEKAR**  
DIRECTOR

**TEJAS DESHPANDE**  
DIRECTOR

**S.N. KAVI**  
DIRECTOR

Place: Mumbai

Date: 20<sup>th</sup> August, 2020

## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of VALECHA ENGINEERING LIMITED

We have examined the compliance of conditions of Corporate Governance by VALECHA ENGINEERING LIMITED, for the year ended on **March 31, 2020**, as stipulated in Regulation 17 to 27, Clauses (b) to (i) of Regulation 46 (2) and paragraph C, 0 and E of Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with Stock Exchanges in India.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for the purpose of the review and the information and explanations given to us by the Company during the course of such review.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has in all material respect complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulation and Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Ragini Chokshi & Co.**

**(Ragini Chokshi)**

Partner

Mem No.2390 C.P.No.1436

Date: 18.08.2020

Place: Mumbai

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of Valecha Engineering Limited  
"Valecha Chambers" 4th Floor, Plot No.B-6,  
Andheri New Link Road, Andheri (West), Mumbai MH 400053

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of VALECHA ENGINEERING LIMITED having CIN L74210MH1977PLC019535 and having registered office at "VALECHA CHAMBERS" 4TH FLOOR, PLOT NO.B-6, ANDHERI NEW LINK ROAD, ANDHERI (WEST) MUMBAI - 400053 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company & its officers.

We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2020** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Lalna Bharat Takekar	08111805	28-03-2019
2	Tejas Deshpande	01942507	14.11.2019
3	S N Kavi	05134904	14.11.2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Ragini Chokshi & Co.**

**Ragini Chokshi**  
(Partner)  
C.P.NO. 1436  
FCS NO. 2390

Date 18.08.2020



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Introduction

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads, and urban infrastructure development. India was ranked 44 out of 167 countries in World Bank's Logistics Performance Index (LPI) 2018. India ranked second in the 2019 Agility Emerging Markets Logistics Index.

### Government Initiatives

The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy, and urban transport.

- In April 2020, the Government set a target of constructing roads worth Rs 15 lakh crore (US\$ 212.80 billion) in the next two years.
- In May 2020, Border Roads Organisation (BRO) achieved major milestone by digging up a 440-metre long tunnel below the busy Chamba town on Rishikesh-Dharasu road Highway (NH 94).
- Indian energy sector is expected to offer investment opportunities worth US\$ 300 billion over the next 10 years.
- NHAI will be able to generate revenue of Rs one lakh crore (US\$ 14.31 billion) from toll and wayside amenities over the next five years.
- In the Union Budget 2020-21, the Government has given a massive push to the infrastructure sector by allocating Rs 1,69,637 crore (US\$ 24.27 billion) to develop the transport infrastructure.
- Communication sector has been allocated Rs 38,637.46 crore (US\$ 5.36 billion) to develop post and telecommunications departments.
- Indian Railways has received an allocation of Rs 72,216 crore (US\$ 10.33 billion) under Union Budget 2020-21.

### Achievements

Following are the achievements of the Government in the past four years:

- In 2019, the sector witnessed seven merger and acquisition (M&A) deals worth US\$ 1,461 million.
- In March 2020, NHAI accomplished the highest ever highway construction of 3,979 km of national highways in FY20.
- Freight earnings in FY20 (till February 2020) stood at Rs 119,216.11 crore (US\$ 17.06 billion), while its gross revenue stood at Rs 183,092.74 crore (US\$ 26.20 billion) during the same period.
- Cargo traffic handled stood at 707.4 million tonnes (MT) in FY20.
- Electricity production in India reached 1,252.61 BU in FY20.
- The largest PE investment witnessed was the acquisition of Pipeline Infrastructure India by Canadian asset management firm Brookfield's for US\$ 1.9 billion in Q1 2019.
- India's rank jumped to 22 in 2019 from 137 in 2014 on World Bank's Ease of doing business – "Getting Electricity" ranking.
- Energy deficit reduced to 0.7 per cent in FY20 from 4.2 per cent in FY14.

### Road Ahead

The infrastructure sector has become the biggest focus area for the Government of India. India plans to spend US\$ 1.4 trillion on infrastructure during 2019-23 to have a sustainable development of the country. The Government has suggested investment of Rs 5,00,000 crore (US\$ 750 billion) for railways infrastructure between 2018-2030. India and Japan have joined hands for infrastructure development in India's Northeast states and are also setting up an India-Japan Coordination Forum for Development of Northeast to undertake strategic infrastructure projects for the region.

### Impact of COVID-19 on the EPC Sector Outlook Remains Robust for the Infrastructure Sector

COVID-19 has caused disruptions in every sector imaginable, and it has not spared the infrastructure construction sector. Anecdotally, there are many reports of delays in infrastructure projects, due to supply chain disruptions and low mobility among workers.

This note analyzes the infrastructure sector via the lens of major engineering, procurement, and construction (EPC) contractors that are actively involved in infrastructure projects in Asia. By tracking more recent data of 24 such contractors, it is possible to get insights into the state of infrastructure construction and understand the potential impact of COVID-19 on infrastructure development.

From a bird's-eye view, it would seem that infrastructure development is in a fix. Governments have been increasingly devoting more resources to address immediate needs, and infrastructure development is expected to take a back seat. In addition, uncertainties regarding project completion, project financing, and future pipelines amidst lockdowns are surfacing. Notwithstanding these short-term difficulties, our analysis shows that the sector as a whole remains resilient.

### Financial and Operational Performance

The Company has achieved a turnover of Rs.207.89 crores as at 31<sup>st</sup> March, 2020 against Rs 184.30 crores resulting into an increase by 12.80%.

### Internal Control System

## 43rd Annual Report 2019-2020

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has appointed external Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

Consequent to implementation of Companies Act, 2013 (Act), the Company has complied with the specific requirements in terms of Section 134(5) (e) of the Act calling for establishment and implementation of an Internal Financial Control framework that supports compliance with requirements of the Act in relation to the Directors' responsibility statement.

### Human resources

The company's mission has always been in creating an exciting workplace where opportunities are made available for employees to perform, deliver results to their fullest potential and add value to the organizational growth. Effective and judicious redeployment of manpower played a significant role in ensuring timely mobilization of key personnel required at new project sites.

Improved communication channels, periodic brain-storming sessions, sharing best practices and use of technology to our advantage, augmented the seamless working between sites and various departments and brought in the required coordination for achieving our company's goals & objectives. Periodic reviews and visits were undertaken to ensure costs are kept under control amidst stringent monitoring.

The Top Management's active involvement in Operations provided the thrust & impetus for smooth & effective execution of ongoing projects. Senior leadership team continued to guide, mentor and instill the sense of pride, ownership & commitment amongst the employees so as to strive to excel in this highly competitive Infrastructure industry

### SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS COMPARED TO PREVIOUS YEAR

Sr. No.	Particulars	2019-20	Change %
1	Debtors Turnover	NA	
2	Current Ratio	1.06	1%
3	Debt Equity Ratio	17.81	-11%
4	Operating Profit Margin (%)	-0.50%	90%
5	Net Profit Margin (%)	0.79%	26%

### Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the infrastructure sector, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.

## Independent Auditor's Report

To The Members of Valecha Engineering Limited

Report on the Audit of Standalone Financial Statements

### Qualified Opinion

We have audited the accompanying standalone financial statements of **Valecha Engineering Limited** ("the Company"), which comprise the standalone balance sheet as at March 31, 2020, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone Statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/possible effects, if any, of the matters described in the "Basis for Qualified Opinion" paragraph of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Qualified 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 standalone financial statements, 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" for 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 to one of its subsidiary company (other than subsidiary companies referred in point a above). The net-worth of such 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 standalone financial statements, if any.

d) We draw attention to Note No. 41 to the standalone financial 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 standalone financial statements.

e) We draw attention to Note No. 42 to the standalone financial statement, wherein the Company has not provided for regular interest payable to banks estimated at Rs. 87.07 Crores for the year ended 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March 2020.

Had such provision towards estimated regular interest payable to banks for the year ended 31<sup>st</sup> March, 2020 and interest on delayed payment of dues towards Tax deducted at Source as on 31<sup>st</sup> March, 2020 been made in the standalone financial statements for the year ended 31<sup>st</sup> March,

2020, the Company's net loss after comprehensive income for the year ended 31<sup>st</sup> March, 2020 would have been Rs. 86.31 crores. 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 standalone financial statements.

- f) We draw attention to Note No. 43 to the standalone financial 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 31<sup>st</sup> 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 standalone financial statements.
- g) We draw attention to Note No. 44 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 standalone financial statements.
- h) We draw attention to Note No. 45 to the standalone financial 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 the standalone financial statements.
- i) We draw attention to Note No. 46 to the standalone financial 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 the standalone financial statements.

- 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 standalone financial statements.
- 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 standalone financial statements.

The matters stated above except at point (h) were subject matter of qualification in our audit opinion on the standalone financial statements for the year ended 31 March 2020 also.

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

### **Material Uncertainty Related to Going Concern:**

We draw attention to Note No. 42 & Note No. 55 to the standalone 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 42 & Note No. 55, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the standalone financial statements of the Company have been prepared on a going concern basis for the reasons stated in Note No.55 to the standalone financial statements.

### **Emphasis of matter:**

- a. We draw attention to Note no. 49 to the standalone financial statements, 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. 50 to the standalone financial statements, where during the year ended 31<sup>st</sup> 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)"

c. We draw your attention to Note no 54 of the standalone financial statements with regards to Management’s assessment of, inter-alia, realisability of financial Investments, Inventories and recoverability of Trade receivables measured at amortised cost due to COVID 19 pandemic outbreak. The management apart from considering the internal and external information upto the date of approval of these standalone financial statements, has also performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the management expects to recover the carrying amount of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements. Considering the continuing uncertainties, the management will continue to closely monitor any material changes to future economic conditions.

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matters	Auditor’s response
1	<b>Revenue from Construction Contracts</b>	
	<p>There are significant accounting judgment including estimation of costs to complete, determining the stage of completion and the timing of revenue recognition.</p> <p>The Company recognizes revenue and profit/loss on the basis of stage of completion based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of revenue and profit/loss therefore rely on estimates in relation to total estimated costs of each contract.</p> <p>Refer to Note No. 2.7 Summary of significant accounting policies – “Revenue Recognition” of the Standalone Financial Statements</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the Company’s revenue recognition accounting policies in line with Ind AS 115 and testing thereof.</li> <li>Testing of the design and implementation of controls involved for the determination of the estimates used as well as their operating effectiveness;</li> <li>Testing the relevant information technology systems’ access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard;</li> <li>Testing a sample of contracts for appropriate identification of performance obligations;</li> <li>For the sample selected, reviewing for change orders and the impact on the estimated costs to complete;</li> <li>Discussion with the qualified &amp; experienced project personnel regarding estimates of costs to complete for sample contracts, determination of milestones, various inherent contingencies in the contracts.</li> <li>Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul>

**Information Other than the Standalone Financial Statements and Auditor’s report thereon**

The Company’s Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to the Board report, Corporate Governance report and Shareholder’s information, but does not include the standalone financial statements and our auditor’s report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and those charged with Governance for the Standalone Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is 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 management 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 Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements 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 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 identified misstatements in the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. Pursuant to the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and, except for the possible effects of matters described in the "Basis for Qualified Opinion" paragraph above, obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) Except for the effects / possible effects of the matters described in the "Basis for Qualified Opinion" paragraphs above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone balance sheet, the standalone Statement of profit & loss (including other comprehensive income), the standalone statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account.
  - d) Except for the effects / possible effects of matters described in the "Basis for Qualified Opinion" paragraphs above, in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

- e) The matters described in the “Basis for Qualified Opinion” paragraphs and the “Emphasis of Matter” paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representation received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a Directors in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure “B”.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Sec 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- i) With respect to the matters to be included in the Auditor’s report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. [Refer Note No. 31]
  - ii. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Company has made provision, as required under the applicable law or Ind AS for material foreseeable losses, if any, on long-term contracts.
  - ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Bagaria & Co. LLP**

Chartered Accountants

Firm Registration No: 113447W/W-100019

**Vinay Somani**

**Partner**

Membership No: 143503

UDIN:20143503AAAAJT1436

**Place :** Mumbai

**Date :** August 20, 2020

### Annexure “A” referred to in “Report on Other Legal and Regulatory Requirements” section of our report to the members of Valecha Engineering Limited of even date

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment.
- b) A major portion of fixed assets have been physically verified by the management in accordance with the programme of verification, which, in our opinion, provides for physical verification of all fixed assets at reasonable interval having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, the discrepancies noticed on such verification were properly dealt with in the books of account.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) According to the information and explanations given to us, the inventories have been physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such verification. Due to COVID 19 related nationwide lockdown, the Management was not able to perform year end physical verification of inventory.
- iii) The Company has granted unsecured loans to six parties covered in the register maintained under Section 189 of the Act, in respect of which:
  - a. According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of loans granted by the company to six parties covered in the register maintained under Section 189 of the Act, (balance outstanding as at balance sheet date Rs. 285.68 crores) are prejudicial to the Company's interest on account of them being interest free and without adequate security.
  - b. Since there is no stipulated repayment schedule in case of loans to above referred parties, we are unable to comment on the regularity of repayment of principal & interest.
- iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions referred to in section 185 of the Act. The Company has complied with the provisions of 186 of the Act with respect to the loans and investments made.
- v) According to the information and explanations given to us, the Company has not accepted any fresh deposits from the public during the year. However, the Company has defaulted in repayment of Deposits accepted in earlier years amounting to Rs.28.16 Crores and cumulative interest thereon of Rs.2.58 Crores. Further, the Company has not complied with 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.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable, except for the following :

Name of the Statute	Nature of the Dues	Amount (Rs.in Crores)	Period to which the amount relates	Due Date
Income Tax Act, 1961	Tax Deducted at source	2.11	FY 2015-16	7th day from the end of the relevant month.
		1.15	FY 2016-17	
		0.14	FY 2017-18	
		0.29	FY 2018-19	
		0.33	April 2019 to September 2019	
<b>Total</b>		<b>4.01</b>		
Provident Fund & Misc. Provision Act 1952.	Provident Fund Contribution	0.08	FY 2015-16	15th day from the end of the relevant month.
		0.04	FY 2016-17	
		0.01	FY 2017-18	
<b>Total</b>		<b>0.13</b>		
Goods and Service Act, 2017	Goods and Service Tax	0.54	FY 2017-18	20 <sup>th</sup> day from the end of the relevant month.
		1.35	FY 2018-19	
		0.11	April 2019 to September 2019	
<b>Total</b>		<b>2.00</b>		
Profession Tax Act, 1975	Profession Tax	0.01	FY 2017-18	30 <sup>th</sup> day from the end of the relevant month.
<b>Total</b>		<b>0.01</b>		



- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company and except for the possible effects of the matter described in point (h) under the “Basis for qualified opinion” paragraph, there are no dues of Income Tax, Goods and Service Tax and Duty of Customs, Duty of Excise and Value Add Tax which have not been deposited on account of any dispute.
- viii) Based on our audit procedures and on the basis of information and explanations given to us, the Company does not have any debentures issued / outstanding nor have taken any loan from the government at any time during the year. The Company has defaulted in repayment of loans or borrowings to Banks and financial institution as mentioned below:

Particulars	Amount of Default (Rs. in Crores)		Total	Period of Default (maximum)
	Principal	Interest		
<b>Term Loan from banks</b>				
Central Bank of India	35.98	13.04	49.02	1644 Days
Syndicate Bank	58.16	19.71	77.87	1551 Days
Yes Bank Limited	6.90	1.65	8.55	1033 Days
State Bank of India (SBI)	12.08	3.47	15.55	1460 Days
<b>Term Loan from others</b>				
SREI Equipment Finance Limited	17.53	10.28	27.81	1095 Days
<b>Working Capital Facilities</b>				
State Bank of India	194.04	44.48	238.52	1462 Days
Axis Bank Limited	71.65	22.96	94.61	1471 Days
Canara Bank	21.40	1.93	23.33	1631 Days
Lakshmi Vilas Bank	30.29	-	30.29	821 Days
<b>Fixed Deposits from Public</b>	28.16	2.58	30.73	2038 Days
<b>Total</b>	<b>476.19</b>	<b>120.11</b>	<b>596.28</b>	

- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan during the year.
- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by the officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations given to us and based on the examination of the records, the Company has not paid / provided for managerial remuneration during the year. Also refer point (a) under “Emphasis of Matter” and Note no. 49 to the standalone financial statements in relation to excess managerial remuneration paid in earlier years.
- xii) The provisions of Nidhi Company are not applicable to the Company. Therefore, Para 3 (xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us, the provision of Section 177 and 188 of Act, to the extent applicable, in respect of transactions with the related parties have been complied by the Company and the details have been disclosed in the Financial Statements as required by the applicable accounting standards in note no. 35 of the Standalone Financial Statements.
- xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, Para 3 (xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with him under Section 192 of the Act.
- xvi) According to the information and explanations given to us the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

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

Place : Mumbai  
Date : August 20, 2020

**Vinay Somani**  
Partner  
Membership No: 143503  
UDIN: 20143503AAAAJT1436

## **Annexure “B” referred to in “Report on Other Legal and Regulatory Requirements” section of our report to the members of Valecha Engineering Limited of even date**

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of **Valecha Engineering Limited** (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential component of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorisations of management; (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the entity’s assets that could have a material effect on the financial statements and (4) also provide us reasonable assurance by the internal auditors through their internal audit reports given to the Company from time to time.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company’s internal financial controls over financial reporting as at March 31, 2020:

- a. The Company is not having a full fledged ERP system to manage different operational activities. Accordingly, many of the operations, which would have been taken care by the system, required manual intervention and to that extent there are limitations in control system and processes.  
The discrepancies noticed due to the above weakness, were, however, rectified by the year end with manual intervention.
- b. The Company did not have an appropriate internal control system at Sixteen (16) projects sites which could potentially result in the Company recording transactions and carrying balances of assets and liabilities without establishing reasonable certainty of its true nature, recoverability / liability to pay and could potentially result in material misstatements in the Company’s standalone financial statements.
- c. The Company’s internal control system were not operating effectively in evaluating the impairment provisions for expected credit losses and / or fair valuation as per the respective requirements of Ind AS 109 - “Financial Instruments” and Ind AS 113 – “Fair Value Measurement” in relation to the following:
  - Investment, loans & advances and corporate guarantees in certain subsidiaries, step-down subsidiaries and associates as more fully explained in note no. 40 (a) to (d) to the standalone financial statements; and
  - Long outstanding trade receivables and loans to related parties (other than subsidiaries, step-down subsidiaries and associates referred above) and other parties as more fully described in note no 41 to the standalone financial statements.

This could result in the Company not providing for adjustment, if any that may be required to the carrying values of such loans, investments, corporate guarantees and trade receivables and further provisions, if any, required to be made for the obligations on behalf of those entities, and its consequential impact on the accompanying standalone financial statements

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the said Guidance Note.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2020.

**For Bagaria & Co. LLP**

Chartered Accountants

Firm Registration No: 113447W/W-100019

**Vinay Somani**

**Partner**

Membership No: 143503

UDIN: 20143503AAAAJT1436

**Place :** Mumbai

**Date :** August 20, 2020

**BALANCE SHEET AS AT MARCH 31, 2020**

(Rs. In Crores)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant & Equipment	3	7.02	12.06
(b) Right of use assets	3.1	0.08	-
(c) Investment Property	3.2	5.51	5.62
(d) Financial Assets			
(i) Investments	4	42.12	42.12
(ii) Other Financial Assets	5	41.52	32.16
(e) Other Non-Current Assets	6	22.11	18.08
<b>Total Non Current Assets</b>		<b>118.36</b>	<b>110.04</b>
<b>Current Assets</b>			
(a) Inventories	7	0.51	1.23
(b) Financial Assets			
(i) Trade Receivables	8	226.73	309.21
(ii) Cash & Cash Equivalents	9	2.35	7.08
(iii) Bank Balances other than (ii) above	10	4.65	4.97
(iv) Loans	11	473.32	469.93
(v) Other Financial Assets	12	4.07	2.78
(c) Other Current Assets	13	62.03	35.38
<b>Total Current Assets</b>		<b>773.66</b>	<b>830.58</b>
<b>Total Assets</b>		<b>892.02</b>	<b>940.62</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	14	22.53	22.53
(b) Other Equity	15	12.47	9.10
<b>Total Equity</b>		<b>35.00</b>	<b>31.63</b>
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	27.15	27.08
(ii) Other Financial Liabilities	17	101.08	88.29
<b>Total Non Current Liabilities</b>		<b>128.23</b>	<b>115.37</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	317.38	319.88
(ii) Trade Payables	19		
- 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	20	279.18	282.94
(b) Other Current Liabilities	21	13.33	35.77
(c) Provisions	22	1.80	1.29
<b>Total Current Liabilities</b>		<b>728.79</b>	<b>793.62</b>
<b>Total Equity &amp; Liabilities</b>		<b>892.02</b>	<b>940.62</b>
Significant Accounting Policies	1 & 2		
See Accompanying notes forming part of the Financial Statements	3 to 56		

In term of our Report attached  
**For Bagaria & Co. LLP**  
Chartered Accountants  
FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Tarun Dutta**  
Chief Executive Officer

**S N Kavi**  
Director  
DIN : 05124904

**Tejas Deshpande**  
Director  
DIN : 01942507

**Vinay Somani**  
Partner  
Membership No. 143503

**Vijay Kumar H. Modi**  
Company Secretary & Legal  
Membership No. FCS 1831

**Lalna B. Takekar**  
Director  
DIN : 08111805

**Anil S. Korpe**  
Chief Financial Officer

Place : Mumbai.  
Date : 20th August, 2020

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In Crores)

Particulars	Note No.	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Income</b>			
Revenue from Operations	23	207.89	184.30
Other Income	24	5.70	17.23
<b>Total Income</b>		<b>213.59</b>	<b>201.53</b>
<b>EXPENSES</b>			
Construction Expenses	25	195.84	159.99
Changes in Inventories	26	0.72	13.96
Employee Benefit Expenses	27	7.75	8.55
Finance Cost	28	0.90	1.28
Depreciation and Amortization Expenses	3	2.11	5.18
Other Expenses	29	4.62	11.41
<b>Total Expenses</b>		<b>211.94</b>	<b>200.37</b>
<b>Profit/ (Loss) Before Exceptional Items and Tax</b>		<b>1.65</b>	<b>1.16</b>
Exceptional Items (Net)		-	-
<b>Profit/ (loss) Before Tax</b>		<b>1.65</b>	<b>1.16</b>
<b>Tax Expenses</b>			
Current Tax		-	-
Deffered Tax		-	-
<b>Profit/ (Loss) for the year</b>		<b>1.65</b>	<b>1.16</b>
<b>Other Comprehensive Income / (Loss)</b>			
A. (i) Items that will not be reclassified to profit or loss			
(a) Fair Value of Financial Instruments		-	(0.29)
(b) Re-measurement of gain/(loss) of investment/advances in foreign subsidiary		(0.02)	-
(c) Re-measurement of defined benefit plans		0.03	0.15
(ii) Income tax relating to items that will not be classified to profit or loss		-	-
B. (i) Items that will be reclassified to profit or loss			
(a) Re-measurement of gain/(loss) of investment/advances in foreign subsidiary		1.71	1.39
(ii) Income tax relating to items that will be classified to profit or loss		-	-
<b>Other Comprehensive Income / (Loss) for the year</b>		<b>1.72</b>	<b>1.25</b>
<b>Total Comprehensive Income for the year</b>		<b>3.37</b>	<b>2.41</b>
<b>Earnings per Equity Share of Face Value of Rs. 10 each</b>			
Basic and Diluted	30	0.74	0.51
Significant Accounting Policies	1 & 2		
See Accompanying notes forming part of the Financial Statements	3 to 56		

In term of our Report attached

**For Bagaria & Co. LLP**Chartered Accountants  
FRN : 113447W/ W-100019**For and on behalf of the Board****Tarun Dutta**  
Chief Executive Officer**S N KAVI**  
Director  
DIN : 05124904**TEJAS DESHPANDE**  
Director  
DIN : 01942507**Vinay Somani**  
Partner  
Membership No. 143503**Vijay Kumar H. Modi**  
Company Secretary & Legal  
Membership No. FCS 1831**Lalna B. Takekar**  
Director  
DIN : 08111805**Anil S. Korpe**  
Chief Financial OfficerPlace : Mumbai.  
Date : 20th August, 2020

## 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
<b>A. Cash flow from Operating activities</b>		
Profit Before Tax	1.65	1.16
<b>Add / (Deduct) Adjustment for :</b>		
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
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)
<b>Operating Profit/ (Loss) before Working Capital changes</b>	<b>1.97</b>	<b>7.65</b>
<b>Changes in Working Capital:</b>		
<b>Adjustment for (increase) / decrease in operating assets:</b>		
Decrease in Inventories	0.72	13.96
(Increase)/ Decrease in Trade Receivable	82.48	20.14
(Increase) / Decrease Loans	(3.40)	(71.22)
(Increase)/ Decrease in other current assets and non-current financial assets	(36.98)	(5.71)
<b>Adjustment for (increase) / decrease in operating liabilities:</b>		
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
<b>Cash Generated From / (used in) Operations</b>	<b>(4.74)</b>	<b>(81.10)</b>
Direct Taxes (Paid)	(4.03)	9.23
<b>Net Cash Flow from operating activities (A)</b>	<b>(8.77)</b>	<b>(71.87)</b>
<b>B. Cash Flow from investing activities</b>		
Capital Expenditure for Property, Plant and Equipments, Right of use assets, Investments	(0.19)	(0.27)
Property, Intangible Assets including CWIP		
Proceeds from disposal of Property, Plant and Equipment, Investment Property	2.64	6.18
Investments in subsidiaries	(0.02)	(0.02)
Sale of non-current and current investments	-	26.88
Interest received	3.54	4.79
Rental Income from investment property	1.40	1.25
<b>Net Cash flow from investing activities (B)</b>	<b>7.37</b>	<b>38.81</b>
<b>C. Cash flow from financing activities</b>		
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)
<b>Net Cash flow used in financing activities (C)</b>	<b>(3.32)</b>	<b>34.11</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(4.73)</b>	<b>1.04</b>
Cash and Cash Equivalent at the beginning of the year	7.08	6.04
<b>Cash and Cash Equivalent at the end of the year</b>	<b>2.35</b>	<b>7.08</b>
<b>Note: Figures in brackets represents cash outflow</b>		
Significant Accounting Policies	1 & 2	
See accompanying notes forming part of the Financial Statements	3 to 56	

In term of our Report attached

**For Bagaria & Co. LLP**

Chartered Accountants

FRN : 113447W/ W-100019

**Vinay Somani**

Partner

Membership No. 143503

Place : Mumbai.

Date : 20th August, 2020

**For and on behalf of the Board****Tarun Dutta**

Chief Executive Officer

**Vijay Kumar H. Modi**

Company Secretary &amp; Legal

Membership No. FCS 1831

**S N KAVI**

Director

DIN : 05124904

**Lalna B. Takekar**

Director

DIN : 08111805

**TEJAS DESHPANDE**

Director

DIN : 01942507

**Anil S. Korpe**

Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2020**

(Rs. In Crores)

<b>A. Equity Share Capital</b>	<b>Nos. of Shares</b>	<b>Amount</b>
<b>Balance at April 01, 2018</b>	22,530,025	22.53
Add: Equity Shares allotted during the year	-	-
<b>Balance as at March 31, 2019</b>	22,530,025	22.53
Add: Equity Shares allotted during the year	-	-
<b>Balance as at March 31, 2020</b>	22,530,025	22.53

**B. Other Equity**

	Reserve & Surplus				Item of other Comprehensive Income / (Loss)			Total
	Securities Premium	General Reserve	Surplus / (Deficit) in Statement of Profit and Loss	Revaluation Reserve	Re-measurement of defined benefit plans	Re-measurement of gain/(loss) of investment/ advances in foreign subsidiary	Other Items of other comprehensive Income	
<b>Balance at April 01, 2018</b>	111.24	43.90	(143.66)	-	(0.45)	-	(4.35)	6.69
Other comprehensive Income / (loss) for the year, net of tax	-	-	-	-	0.16	1.39	(0.29)	1.26
Profit/ (Loss) for the year	-	-	1.15	-	-	-	-	1.15
<b>Balance as at March 31, 2019</b>	111.24	43.90	(142.51)	-	(0.29)	1.39	(4.64)	9.10
Other comprehensive Income / (loss) for the year, net of tax	-	-	-	-	0.03	1.69	-	1.72
Profit/ (Loss) for the year	-	-	1.65	-	-	-	-	1.65
<b>Balance as at March 31, 2020</b>	111.24	43.90	(140.85)	-	(0.26)	3.08	(4.64)	12.47

See Accompanying notes forming part of the Financial Statements

In term of our Report attached  
**For Bagaria & Co. LLP**  
 Chartered Accountants  
 FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Tarun Dutta**  
 Chief Executive Officer

**S N KAVI**  
 Director  
 DIN : 05124904

**TEJAS DESHPANDE**  
 Director  
 DIN : 01942507

**Vinay Somani**  
 Partner  
 Membership No. 143503

**Vijay Kumar H. Modi**  
 Company Secretary & Legal  
 Membership No. FCS 1831

**Lalna B. Takekar**  
 Director  
 DIN : 08111805

**Anil S. Korpe**  
 Chief Financial Officer

Place : Mumbai.  
 Date : 20th August, 2020

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

### 1 Corporate Information

Valecha Engineering Limited ("the Company") is a public limited company incorporated and domiciled in India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The address of its registered office is Valecha Chambers, 4th floor, Andheri New Link Road, Andheri (W), Mumbai - 400 053.

The Company is engaged in Construction of high end infrastructural engineering projects such as irrigation dams, roads, bridges, highways, power projects, railways, tunnels, airports, reservoirs, etc. The Company has created some of the most prominent civil engineering infrastructure landmarks.

### 2 Significant accounting policies

#### 2.1 Statement of compliance

The financial statements Complies in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act and other accounting principles generally accepted in India.

#### 2.2 Basis of preparation and presentation

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.2.1 Historical cost convention

The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

##### 2.2.2 Current & Non Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as twelve (12) months for the purpose of current or non-current classification of assets and liabilities.

The Company's financial statements are presented in Indian Rupees (₹), which is its functional currency and all values are rounded to the nearest crore (₹ 0,000,000) in two decimals except when otherwise indicated.

### 2.3 Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known /materialise.

### 2.4 Inventories

The inventories of materials on hand at the end of the year are valued at lower of cost or net realisable value. The cost is being determined on First-In-First out method. Cost of work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads.

### 2.5 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.6 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

### 2.7 Revenue recognition

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset to a customer is done over time and in other cases, performance obligation



## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. The Company recognizes revenue and profit/loss on the basis of stage of completion achieved under each contract. The recognition of revenue and profit/loss therefore rely on degree of completion achieved under each contract.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred.

Contracts executed in Joint Ventures / Consortium under work sharing arrangement are accounted in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed. In case where the contracts are executed independently by the Joint Ventures the share of profit / (Loss) is recognized as an income / (Loss) in the Books of account of the Company in the year in which the relative contract/s is/are completed / Income received.

Revenue is disclosed net of Goods and Service Tax (GST) as applicable.

### Other Income

Interest Income is recognised on the basis of effective interest method as set out in IND AS 109 on Financial Instruments and where no significant uncertainty as to measurability or collectability exists.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

## 2.8 Employee Benefit

### 2.8.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### 2.8.2 Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### 2.8.3 Post-employment obligations

#### (i) Defined benefit provident fund plan

The Company's contribution to provident fund is charged to Statement of Profit and Loss.

#### (ii) Defined benefit Gratuity fund plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan. The defined benefit obligation is calculated annually as provided by LIC. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

The Company does not have scheme of leave encashment.

## 2.9 Taxation

2.9.1 The Income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

Current and deferred tax is recognised in the profit and loss except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

### 2.9.2 Current Tax

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income.

Current tax assets and tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.9.3 Deferred Tax

Deferred Tax charge or credit is recognised on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. It is calculated using the applicable tax rates and tax laws that have been enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### 2.9.4 Minimum Alternative Tax ('MAT')

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

## 2.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 2.10.1 Financial Assets

#### (i) Classification of Financial Assets

The Company classifies its financial assets in the following measurement categories:

- (a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- (b) those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

- (a) For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.
- (b) For investments in debt instruments, this will depend on the business model in which the investment is held.
- (c) For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### (ii) Measurement of Financial Assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### 2.10.1. a Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or other expenses (as applicable). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income or other expenses (as applicable) in the period in which it arises. Interest income from these financial assets is included in other income or other expenses, as applicable.

### 2.10.1.b *Equity instruments*

The Company subsequently measures all equity investments at fair value (except investment in subsidiaries and associates which are valued at amortised cost). Where the Company's management has selected to present fair value gains and losses on equity investments in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses, as applicable in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 2.10.1.c *Fair Value Hedge*

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in statement of profit and loss.

#### (iii) *Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

#### (iv) *Derecognition of financial assets*

A financial asset is derecognised only when -

- (a) The Company has transferred the rights to receive cash flows from the financial asset or
- (b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### 2.10.2 **Financial Liabilities**

#### (i) *Measurement*

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

### (ii) *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.10.3 (i) Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(ii) Borrowings are classified as current financial liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### 2.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortization, where appropriate.

### 2.12 Property, plant and equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the property, plant and equipment.

Free-hold land is carried at cost. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital Work in Progress ('CWIP') comprises amount paid towards acquisition of property, plant and equipment outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for its intended use and borrowing cost incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any, such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is charged to profit and loss account. If at the balance Sheet date there is any deduction that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

#### Depreciation and amortisation

Depreciation on Fixed Assets is calculated on "Straight Line Method" over the estimated useful life in the manner prescribed in Schedule II of the Companies Act, 2013.w.e.f. 01.04.2014. Depreciation on Revalued Assets, is calculated on their respective book values, at the rates considered applicable by the valuers.

Free hold land is not depreciated. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

### 2.13 Foreign currency transactions

Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are affected. Exchange differences arising on settlement of these transactions are recognized in the Statement of Profit and Loss.

Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are revalued using the exchange rate prevailing at date of the Balance Sheet and resulting exchange difference is recognized in the Statement of Profit and Loss. Non-monetary foreign currency items are carried at cost.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

### 2.14 Investment Property

Property that is held for rental or Capital appreciation and which is not occupied by the Company, is classified by Investing property. Investment property is measured at cost including related transaction cost and where applicable borrowing cost. Investment properties are depreciated at the same rate applicable for class of asset under Property, Plant and Equipment. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

### 2.15 Intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the intangible assets.

An intangible asset shall be recognised if, and only if: (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and (b) the cost of the asset can be measured reliably.

#### **Amortisation on Intangible asset**

Amortisation on intangible Assets is calculated on "Straight Line Method" over the period of useful life of asset as technically evaluated by the management.

### 2.16 Earnings per share

#### 2.16.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company; and
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

#### 2.16.2 Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 2.17 Impairment of Assets :

The carrying amounts of all assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An assets is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

### 2.18 Provisions, contingent liabilities and contingent assets

#### **Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### **Contingent liabilities**

Contingent Liabilities are not recognized but disclosed in notes forming part of the financial statements.

#### **Contingent Assets**

Contingent Assets are disclosed, where an inflow of economic benefits is probable. Contingent assets are neither recognised nor recorded in financial statements.

### 2.19 Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

### 2.20 Leases

Leases are accounted as per Ind AS 116 which has become mandatory from April 1, 2019. Assets taken on lease are accounted as right-of-use assets and the corresponding lease liability is accounted at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, or a change in the estimate of the guaranteed residual value, or a change in the assessment of purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Statement of Profit and Loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation and cumulative impairment, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or useful life of the underlying asset whichever is earlier. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

- (i) Low value leases; and
- (ii) Leases which are short-term.

Assets given on lease are classified either as operating lease or as finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Company's net investment in the lease. A lease which is not classified as a finance lease is an operating lease.

The Company recognises lease payments in case of assets given on operating leases as income on a straight-line basis. The Company presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

### 2.21 Income Tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in such case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are off set when there is a legally enforceable right to off set current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

### 2.22 New standards and interpretations not yet adopted

There is no such notification which would have been applicable from April 01, 2020.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

3 Property, Plant & Equipments  
Gross Block

	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
<b>Balance as at April 01, 2018</b>	<b>4.03</b>	<b>1.45</b>	<b>81.12</b>	<b>6.61</b>	<b>15.38</b>	<b>108.59</b>
Additions	-	-	0.00	0.03	0.24	0.27
Disposal / Adjustements	3.88	-	40.81	0.00	-	44.69
<b>Balance as at March 31, 2019</b>	<b>0.15</b>	<b>1.45</b>	<b>40.32</b>	<b>6.63</b>	<b>15.62</b>	<b>64.17</b>
Additions	-	-	0.02	0.01	-	0.03
Disposal / Adjustements	-	-	20.09	-	-	20.09
<b>Balance as at March 31, 2020</b>	<b>0.15</b>	<b>1.45</b>	<b>20.25</b>	<b>6.64</b>	<b>15.62</b>	<b>44.12</b>

Accumulated Depreciation

	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
<b>Balance as at April 01, 2018</b>	-	<b>0.40</b>	<b>60.77</b>	<b>6.43</b>	<b>13.13</b>	<b>80.73</b>
Depreciation / Amortization	-	0.03	4.30	0.19	0.56	5.07
Disposal / Adjustements	-	-	33.69	0.00	-	33.69
<b>Balance as at March 31, 2019</b>	-	<b>0.42</b>	<b>31.38</b>	<b>6.61</b>	<b>13.69</b>	<b>52.11</b>
Depreciation / Amortization	-	0.03	1.38	0.00	0.52	1.93
Disposal / Adjustements	-	-	16.94	-	-	16.94
<b>Balance as at March 31, 2020</b>	-	<b>0.45</b>	<b>15.82</b>	<b>6.61</b>	<b>14.21</b>	<b>37.10</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>0.15</b>	<b>1.01</b>	<b>4.43</b>	<b>0.03</b>	<b>1.41</b>	<b>7.02</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>0.15</b>	<b>1.03</b>	<b>8.93</b>	<b>0.02</b>	<b>1.93</b>	<b>12.06</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>4.03</b>	<b>1.06</b>	<b>20.35</b>	<b>0.18</b>	<b>2.24</b>	<b>27.86</b>

3.1 Right of use assets  
Gross Block

(Rs. In Crores)

	Right of use assets	Total
<b>Balance as at April 01, 2018</b>	-	-
Additions	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	-	-
Additions	0.16	0.16
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2020</b>	<b>0.16</b>	<b>0.16</b>

Accumulated Depreciation

	Right of use assets	Total
<b>Balance as at April 01, 2018</b>	-	-
Depreciations	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	-	-
Depreciations	0.08	0.08
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2020</b>	<b>0.08</b>	<b>0.08</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>0.08</b>	<b>0.08</b>
<b>Net carrying amount as at March 31, 2019</b>	-	-
<b>Net carrying amount as at March 31, 2018</b>	-	-

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

## 3.2 Investment Property

**Gross Block**

	Buildings	Total
<b>Balance as at April 01, 2018</b>	<b>6.63</b>	<b>6.63</b>
Additions	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	<b>6.63</b>	<b>6.63</b>
Additions	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2020</b>	<b>6.63</b>	<b>6.63</b>

**Accumulated Depreciation**

	Building	Total
<b>Balance as at April 01, 2018</b>	<b>0.91</b>	<b>0.91</b>
Depreciations	0.10	0.10
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	<b>1.01</b>	<b>1.01</b>
Depreciations	0.10	0.10
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2020</b>	<b>1.12</b>	<b>1.12</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>5.51</b>	<b>5.51</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>5.62</b>	<b>5.62</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>5.72</b>	<b>5.72</b>

**Amount recognised in profit or loss for Investment Properties**

Particulars	As at 31-Mar-2020	As at 31-Mar-2019
1 Rental Income	1.40	1.25
2 Direct operating expenses from property that generate rental income.	0.07	0.07
3 Direct operating expenses from property that did not generate rental income.	0.14	0.15
4 There are no restrictions on the realisability of investment property.		
5 The company is using same life for the same class of asset as applicable for property plant and equipment.		
<b>Fair Value</b>		
1 Investment property - Office Premises, the market value has not been ascertained.		
2 The range of estimates within which fair value is highly likely to lie- Rs 40.06 crores (Rs 40.06 crores for March 31, 2019)		



**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020**

(₹ In Crores)

	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
<b>4 Investments</b>				
<b>Unquoted &amp; Fully Paid Equity Instruments</b>				
<b>i) In Subsidiary Companies - Wholly Owned - At Cost</b>				
Valecha Infrastructure Ltd (Fully paid Equity Share Face Value ₹ 10/- each)	50,000	0.05	50,000	0.05
Valecha International (FZE) - (Fully paid Equity Share Face Value Dh 1,50,000 each)	1	0.31	1	0.28
Professional Realtors Pvt. Ltd. (Fully paid Equity Share Face Value ₹10/- each)	10,000	1.80	10,000	1.80
		<b>2.16</b>		<b>2.13</b>
<b>ii) In Subsidiary Companies - Others - At Cost</b>				
Valecha Kachchh Toll Roads Ltd. (Fully paid Equity Share Face Value ₹10/- each)	39,835,000	39.84	39,835,000	39.84
		<b>39.84</b>		<b>39.84</b>
<b>iii) In Associate Company - At Cost</b>				
Aryavrat Tollways Pvt. Ltd. - Voting Shares (Face Value ₹10/- each)	4,900	0.01	4,900	0.01
Aryavrat Tollways Pvt. Ltd. - Non-Voting Shares (Face Value ₹ 10/- each)	44,100	0.04	44,100	0.04
Valecha Reality Ltd (Face Value ₹10/- each)	24,950	0.02	24,950	0.02
		<b>0.07</b>		<b>0.07</b>
<b>iv) In Others (at FVTOCI)</b>				
The Saraswat Co-op. Bank Ltd. (Face Value ₹10/- each)	2,500	-	2,500	-
The Janakalyan Sahakari Bank Ltd. (Face Value ₹10/- each)	50,000	0.05	50,000	0.05
The Janta Sahakari Bank Ltd (Face Value ₹10/- each)	100	-	100	-
Valecha Chambers Condominium (Face Value ₹ 100/- each)	37	-	37	-
Varun Cements Ltd. (Face Value ₹ 10/- each)	42,800	-	42,800	0.02
		<b>0.05</b>		<b>0.07</b>
<b>Total</b>		<b>42.12</b>		<b>42.12</b>
Aggregate amount of unquoted investments		42.12		42.12

	As at March 31, 2020	As at March 31, 2019
<b>5 Other Non Current Financial Assets</b>		
Unsecured, Considered good unless otherwise stated		
Security Deposits	0.10	0.07
Retention	38.53	29.21
Others	2.89	2.88
<b>Total</b>	<b>41.52</b>	<b>32.16</b>
<b>6 Other Non Current Assets</b>		
Balances with Government Authorities (net)	22.11	18.08
<b>Total</b>	<b>22.11</b>	<b>18.08</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

	As at March 31, 2020	As at March 31, 2019
<b>7 Inventories</b> <b>(As taken, valued &amp; certified by Management)</b>		
Stock of Materials	0.51	1.23
<b>Total</b>	<b>0.51</b>	<b>1.23</b>
<b>8 Trade Receivables*</b> <b>Unsecured</b>		
Considered Good	226.73	309.21
Considered Doubtful	-	-
	226.73	309.21
Less: Allowance for Expected Credit Loss	-	-
<b>Total</b>	<b>226.73</b>	<b>309.21</b>
<b>* Refer note no. 39.2 for credit risk</b>		
<b>9 Cash and Cash Equivalents</b>		
Cash on Hand	0.12	0.01
Balances with Banks		
- In Current Accounts	2.23	7.07
	<b>2.35</b>	<b>7.08</b>
<b>10 Other Bank Balances</b>		
Earmarked Balances with Banks		
- Unpaid Dividend Accounts	0.06	0.09
- Margin Money Deposits	4.59	4.88
	<b>4.65</b>	<b>4.97</b>
<b>11 Loans (Current)</b>		
Unsecured, considered good unless otherwise stated		
Loans to Subsidiary Companies	285.68	258.08
Loans to Related Parties	6.57	3.56
Loans and Advances to Employees	1.37	1.27
Other Loans and advances	137.72	156.05
Advance to suppliers	41.98	50.97
	<b>473.32</b>	<b>469.93</b>
<b>12 Other Current Financial Assets</b>		
Unsecured, considered good unless otherwise stated		
Interest Accrued on Fixed Deposits	4.07	2.78
<b>Total</b>	<b>4.07</b>	<b>2.78</b>
<b>13 Other Current Assets</b>		
Balance with Government Authorities	33.73	34.42
Unbilled Revenue	28.27	-
Others	0.03	0.96
<b>Total</b>	<b>62.03</b>	<b>35.38</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

	Number of Shares	Amount	Number of Shares	Amount
<b>14 Share Capital</b>				
<b>Authorised:</b>				
Equity Shares of Rs. 10/- each	35,000,000	35.00	35,000,000	35.00
<b>Issued, Subscribed &amp; paid up:</b>				
Equity Shares of Rs. 10/- each	22,530,025	22.53	22,530,025	22.53
<b>14.1 Reconciliations of the number of equity shares and amount outstanding at beginning and end of the year</b>				
Balance at beginning of the year	22,530,025	22.53	22,530,025	22.53
Add: Equity Shares allotted		-		-
Balance at the end of the year	22,530,025	22.53	22,530,025	22.53

**14.2 Right, Preferences and restrictions attached to shares :**

The Company has only one class of Equity Shares having a par value of ₹10/- per share. Each share holder is entitle for one vote per share. In the event of liquidation, the equity share holders are entitle to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their share holding.

**14.3 Details of shares held by each shareholders holding more than 5% shares**

	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	% holding	Number of Shares	% holding
Valecha Investment Pvt. Ltd.	4,003,745	17.77	4,003,745	17.77
Suman Aggarwal	2,928,504	13.00	2,928,504	13.00
Hypnos Fund Limited	2,000,000	8.88	2,000,000	8.88

	As at March 31, 2020	As at March 31, 2019
<b>15 Other Equity</b>		
15.1 Securities Premium	111.24	111.24
15.2 General Reserve	43.90	43.90
15.3 Retained Earnings	(140.85)	(142.51)
15.4 OCI - Fair Value of Financial Instruments	(4.64)	(4.64)
15.5 OCI - Re-measurement of defined benefit plans	(0.26)	(0.29)
15.6 Re-measurement of gain/(loss) of investment/advances in foreign subsidiary	3.08	1.39
<b>Total</b>	<b>12.47</b>	<b>9.10</b>

**Nature of Reserves****(i) Securities Premium**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

**(ii) General Reserve**

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to statement of profit and loss.

**(iii) OCI - Fair Value of Financial Instrument**

The company recognised resultant impact of fair valuation on financial assets and liabilities.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>16 Non Current Borrowings</b>		
<b>Secured</b>	-	-
<b>Unsecured</b>		
Related Parties	24.15	27.08
Others	3.00	-
<b>Total</b>	<b>27.15</b>	<b>27.08</b>

**16.1 Term of Repayment & Security details of Borrowings**

	Repayment tenure & Security nature	Last installment Date	Rate of Interest	Amount outstanding As at	
				March 31, 2020	March 31, 2019
1	Repayable in 9 quarterly installments, secured by first & exclusive charge on the project receivables for EPC from Surat Municipal Corporation for the three projects with the exclusive & first charge over Escrow A/c & project specific Current Assets.	Mar-16	11.70%	49.02	49.02
2	Corporate Loan Repayable in 10 Quarterly Instalments, secured by exclusive charge on the specific immovable property along with the subservient charge on movable fixed assets & current assets.	Dec-16	13.10%	15.56	15.56
3	Term Loan Repayable in 6 quarterly installments is secured by first & exclusive charge on the project receivables for EPC from Rapti Nhar Nirman Mandal-II Irrigation Depart, Basti, Uttar Pradesh with the exclusive and first charge over Escrow Account and project specific Current Assets.	Aug-17	12.25%	77.87	77.87
4	Repayable in 18 quarterly installments, secured by first & exclusive charge on the specific immovable property & JSL & VIL Shares	Sep-20	12.15%	8.56	8.56
5	Repayable in 60 monthly installments, secured by exclusive charge on the specific Machineries	Sep-20	14.00%	27.80	27.12
6	Repayable in 36 monthly installments, secured by exclusive charge on the specific Machineries	Sep-18	14.00%	-	3.31

**16.2 The Company has defaulted in repayment of loans and interest in respect of the following**

Particulars	Period of Default	Amount of Default (As at March 31, 2020)		
		Principal	Interest	Total
<b>Term Loan</b>				
Central Bank of India	1644 Days	35.98	13.04	49.02
Syndicate Bank	1551 Days	58.16	19.71	77.87
Yes Bank	1033 Days	6.90	1.65	8.55
State Bank of Bikaner & Jaipur	1460 Days	12.08	3.47	15.55
<b>Term Loan from Others</b>				
SREI Equipment Finance Ltd	1095 Days	17.53	10.28	27.81
Fixed Deposits from Public	2038 Days	28.15	2.58	30.73
<b>Total</b>		<b>158.80</b>	<b>50.74</b>	<b>209.54</b>

**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020**

(₹ In Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>17 Other Non Current Financial Liabilities</b>		
Advance from Contractees - Related Parties	41.90	36.64
Non Current Liabilities - Trade	56.08	42.67
Non Current Liabilities - Others	3.10	8.98
	<b>101.08</b>	<b>88.29</b>
<b>18 Current Borrowings</b>		
<b>Secure - From Banks :</b>		
Working Capital Loans - Cash Credit Limits**	246.48	248.98
Short Term Facilities	53.84	53.84
<b>Unsecured - From Others :</b>		
Other Short Term Loans	17.06	17.06
<b>Total</b>	<b>317.38</b>	<b>319.88</b>

**\*\*Note :** Secured by

**Primary Security:** Pari passu charge on stock and outstanding book debts of the company

**Collateral Security:** EM on office premises at 4th Floor and part of 3rd floor of Valecha chambers, New Link Road, Oshiwara, Andheri West. Pari passu charge on entire plant and machinery of the Company

Personal guarantees of Mr. J K Valecha, Mr. D H Valecha and Mr. U H Valecha

**18.1 The Company has defaulted in repayment of working capital facilities in respect of the following :**

Particulars	Period of Default	Amount of Default (As at March 31, 2020)		
		Principal	Interest	Total
<b>Working Capital Facilities</b>				
State Bank of India	1462 Days	194.04	44.48	238.52
Axis Bank Ltd	1471 Days	71.65	22.96	94.61
Canara Bank	1631 Days	21.40	1.93	23.33
Lakshmi Vilas Bank	821 Days	30.29	0.00	30.29
<b>Total</b>		317.38	69.37	386.75

Particulars	As at March 31, 2020	As at March 31, 2019
<b>19 Trade Payables</b>		
Dues to Micro, Small and Medium Enterprises	2.69	2.69
Dues to Creditors other than Micro, Small and Medium Enterprises	114.41	151.05
<b>Total</b>	<b>117.10</b>	<b>153.74</b>

**19.1 The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under :**

Particulars	As at March 31, 2020	As at March 31, 2019
a. Principal amount remaining unpaid	2.69	2.69
b. Interest due thereon remaining unpaid	0.73	0.73
c. Interest paid	-	-
d. Payment made beyond the appointed day during the year	-	-
e. Interest due and payable for the period of delay	-	-
f. Interest accrued and remaining unpaid	-	-
g. Amount of further interest remaining due and payable in succeeding years	-	-
	<b>3.42</b>	<b>3.42</b>

**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020**

(₹ In Crores)

**19.2** The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act, have not been given subject to amount mentioned in above table.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>20 Other Current Financial Liabilities</b>		
Current maturities of Long Term Borrowings (Refer Note 16.1, 16.2)	130.65	134.51
Current Maturities of lease liabilities	0.09	-
Current Maturities of Fixed Deposits (Refer Note 16.2)	30.73	30.74
Interest Accrued and Due on Borrowings (Refer Note 16.2, 18.1)	117.53	117.53
Unclaimed Dividends	0.05	0.09
Others	0.13	0.07
<b>Total</b>	<b>279.18</b>	<b>282.94</b>
<b>21 Other Current Liabilities</b>		
Statutory Dues	6.16	10.10
Others	7.17	25.67
<b>Total</b>	<b>13.33</b>	<b>35.77</b>
<b>22 Provisions</b>		
Provision for Employee Benefits		
-Gratuity	1.70	1.19
-Bonus	0.10	0.10
<b>Total</b>	<b>1.80</b>	<b>1.29</b>
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>23 Revenue from Operations</b>		
Income from Contract and Services	207.89	184.30
<b>Total</b>	<b>207.89</b>	<b>184.30</b>
<b>24 Other Income</b>		
Interest Income :		
Interest on Fixed Deposits	1.45	2.43
Interest from Others	2.09	2.36
	<b>3.54</b>	<b>4.79</b>
Lease Rental Income	1.40	1.25
Sundry balances written back (Refer note no. 50)	0.67	9.74
Miscellaneous Income	0.09	1.45
	<b>5.70</b>	<b>17.23</b>
<b>25 Construction Expenses</b>		
Materials Purchase	11.07	14.00
Sub-Contracting Expenses	171.96	129.95
Power and Fuel	1.69	2.04
Repairs, Rent & Maintenances to Plant & Machineries and Vehicles	1.50	1.25
Site Expenses	9.62	12.75
<b>Total</b>	<b>195.84</b>	<b>159.99</b>

**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020**

(₹ In Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>26 Changes in Inventories</b>		
Opening Stock	1.23	15.19
Less: Closing Stock	0.51	1.23
	<b>0.72</b>	<b>13.96</b>
<b>27 Employee Benefits Expenses</b>		
Salaries, Wages, and Bonus	5.34	7.35
Contribution to Provident Fund, Gratuity and other funds	2.35	1.12
Welfare Expenses	0.06	0.08
	<b>7.75</b>	<b>8.55</b>
<b>28 Finance Cost</b>		
<b>Interest Expenses</b>		
-Banks	-	0.04
-Others	0.83	0.68
Interest Component of Lease Liability	0.01	-
Interest cost on security deposits	0.06	0.16
Loan Processing Fees	-	0.40
	<b>0.90</b>	<b>1.28</b>
<b>29 Other Expenses</b>		
Rates and taxes	0.20	0.20
Printing and stationery	0.04	0.03
Telephone and Postage	0.09	0.09
Traveling and conveyance	0.39	0.31
Business promotion	0.05	0.08
Electricity charges	0.10	0.13
Professional Fees	1.73	1.39
Repairs and Maintenance - Others	0.37	0.37
Office Maintenance	0.23	0.27
Bank charges	0.39	0.28
Payments to Auditor (Refer note below)	0.12	0.13
Loss on sale of assets	-	0.80
Impairment/ discard of Plant and Machineries	0.50	3.58
Sundry Balances written off	-	3.62
Miscellaneous Expenses	0.41	0.13
<b>Total</b>	<b>4.62</b>	<b>11.41</b>
<b>29.1 Auditors Remunerations</b>		
Audit Fees	0.11	0.12
Certification and Other Services including Service Tax and Goods and Service Tax	0.01	0.01
<b>Total</b>	<b>0.12</b>	<b>0.13</b>
<b>30 Earnings per Share</b>		
<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
Profit attributable to Equity Shareholders (Rs. in crores)	1.65	1.16
Weighted average Number of shares for Basic EPS (Numbers)	22,530,025	22,530,025
Weighted average Number of shares for Diluted EPS (Numbers)	22,530,025	22,530,025
Face Value of each Equity Share (in Rs.)	10.00	10.00
Basic & Diluted earning per Share (in Rs.)	0.73	0.51
*The Company has no dilutive instruments. As such Diluted Earnings per share equals to Basic Earnings per share.		

**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020**

(₹ In Crores)

**31 Contingent Liabilities**

Contingent Liabilities are not provided for and are as below :

Particulars	2019-20	2018-19
1 Outstanding Bank Guarantee	60.15	76.46
2 Dispute with Suppliers	3.01	4.61
3 Corporate Guarantees	1,052.19	936.96
4 Late payment and over limit charges on credit card dues	5.89	5.89

**32 Segment Reporting**

The company operates in a single reportable segment i.e. Construction Activity, which have similar risks and returns for the purpose of Ind AS 108 on 'Operating segments'. The company operates in a single geographical segment i.e. domestic.

**33 CSR Expenditure**

Corporate Social Responsibility (CSR) - In view of insufficient profits during the current and previous year, expenditure on CSR is not applicable for current and previous financial year.

**34 Related Party Disclosures**

Disclosure as required by the Indian Accounting Standard (Ind AS)24 " Related Party Disclosures " are given below :

**List of Related Parties with whom transactions have taken place**

Relationship	Name of Related Parties
<b>Subsidiary Companies</b>	Valecha Infrastructure Ltd. Valecha International (FZE) Professional Realtors Pvt. Ltd. Valecha Kachchh Toll Roads Ltd.
<b>Step-Down Subsidiary Companies</b>	Valecha LM Toll Pvt. Ltd. Valecha Badwani Sendhawa Toll Ways Ltd.
<b>Associate Companies</b>	Valecha Reality Ltd. Bhubaneshwar Express Ways Pvt. Ltd. (Up to 31-12-2018) Aryavrat Tollways Pvt. Ltd.
<b>Enterprises where KMPs have significant influence</b>	Gopaldas Vasudev Construction Pvt. Ltd. Valecha Power Ltd. Valecha Gulf Contracting & Foundations L.L.C (Up to 29-09-2018) Juhu Beach Real Estate Pvt Ltd (Up to 29-09-2018) Valecha Investment Private Limited
<b>Joint Ventures</b>	Valecha - ECCI (JV) Valecha - SGCCCL (JV) Valecha - Transtonnelstroy (JV) Valecha - VKJ (JV) Valecha - SDPL JV Bitcon-VUBEPL-GCC-Valecha (JV) Valecha Shraddha (JV)) Valecha Atcon (JV) Valecha - Matere (JV)



**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020**

(₹ In Crores)

**Key Management Personnel (KMP)**

Chairman (Upto 19-11-2019)	Arvind Thakkar
Vice-Chairman-cum Managing Director (Upto 10-03-2019) Vice-Chairman and Director (w.e.f. 11-03-2019 to 19-11-2019)	Jagdish K. Valecha
Whole Time Director (Up to 29-09-2018)	Dinesh H. Valecha
Independent Director (Up to 10-10-2019)	Ketan Gandhi
Non-Executive Director (Upto 19-11-2019)	Sonal Jitiya
Independent Director (w.e.f. 14-11-2019)	S N Kavi
Independent Director (w.e.f. 14-11-2019)	Tejas Deshpande
Independent Director (w.e.f. 28-03-2019)	Lalna Takekar
Executive Director (Upto 26-06-2018) Chief Executive Officer (w.e.f. 30-07-2019)	Tarun Dutta
Company Secretary & Legal	Vijay Kumar H. Modi
Chief Financial Officer	Anil S. Korpe
<b>Relatives of Key Management Personnel</b>	Karan Jagdish Valecha

**Note:**

Related party relationship is as identified by the Company and relied upon by the Auditor.

**35 Details of Transactions with Related Parties**
**i. Transactions with Subsidiary Companies**

Particulars	2019-20	2018-19
a. Sales	9.13	18.96
b. Deposit / Loans / Repayment received during the year	0.39	0.17
c. Deposit / Loans given / Repaid during the year	1.72	1.42
d. Outstanding Balance - Trade Receivable	1.97	7.55
e. Outstanding Balance - Loan given	285.68	258.08
f. Outstanding Balance - Amount Payable	41.90	36.64

**ii. Transactions with Associate Companies / Enterprises over which KMPs having significant influence**

Particulars	2019-20	2018-19
a. Deposit / Loans / Repayment received during the year/ Adjustment	4.09	4.02
b. Deposit / Loans given / Repaid during the year/ Adjustment	10.03	1.11
c. Outstanding Balance - Amount Payable	24.15	27.08
d. Outstanding Balance - Amount Receivable	6.57	3.55
e. Sale of Investment	-	26.88

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

## iii. Transactions with Joint Ventures

	Particulars	2019-20	2018-19
a.	Sales	62.03	34.63
b.	Outstanding Balance - Amount Receivables	8.90	45.57

## iv. Transactions with Key Management Personnel (KMP)

	Particulars	2019-20	2018-19
	Remuneration paid during the year	0.85	1.43
	Sitting Fees	0.08	0.02

## v. Transactions with relatives of Key Management Personnel (KMP)

	Particulars	2019-20	2018-19
	Remuneration paid during the year	0.25	0.25

Disclosure required by schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186(4) of the Companies Act, 2013

## A. Loans Given

## i. Loans Given to Subsidiary Companies

	2019-20		2018-19	
	As at year end	Maximum balance during year	As at year end	Maximum balance during year
Valecha Infrastructure Ltd.	152.43	152.43	152.43	152.43
Valecha International (FZE)	23.33	23.33	21.64	21.64
Professional Realtors Pvt. Ltd.	0.24	0.24	0.23	0.23
Valecha Kachchh Toll Roads Ltd.	73.46	73.46	70.48	70.48
Valecha LM Toll Pvt. Ltd.	30.92	30.92	7.85	7.85
Valecha Badwani Sendhawa Toll Ways Ltd.	5.30	5.30	5.44	5.44
<b>Total</b>	<b>285.68</b>	<b>285.68</b>	<b>258.08</b>	<b>258.08</b>

## ii. Loans Given to Associate Companies / Enterprises over which KMPs having significant influence

	2019-20		2018-19	
	As at year end	Maximum balance during year	As at year end	Maximum balance during year
Valecha Investment Pvt. Ltd.	6.28	6.28	3.28	7.28
Valecha Power Ltd.	0.01	0.01	0.00	0.02
Valecha Reality Ltd.	0.28	0.28	0.28	0.28
<b>Total</b>	<b>6.57</b>	<b>6.57</b>	<b>3.56</b>	<b>7.57</b>

All above loans have been given for business purpose

## B. Investments are shown under respective head. ( Refer Note no.4)

## C. Corporate Guarantees given

Name of the Company	2019-20	2018-19
Valecha LM Toll Pvt. Ltd.	248.21	230.58
Valecha Badwani Sendhawa Toll Ways Ltd.	45.57	49.58
Valecha Kachchh Toll Roads Ltd.	670.84	581.21
Valecha Infrastructure Ltd.	87.57	75.59
<b>Total</b>	<b>1,052.19</b>	<b>936.96</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

**36 Employee Benefits**

As per IND AS 19 "Employee Benefits", the disclosures of Employee benefits as defined in the said Accounting Standards are given below :

**A. Defined Contribution Plan**

Contribution to Defined Contribution Plan includes Provident Fund. The expenses recognised for the year are as under :

Particulars	2019-20	2018-19
Employer's Contribution to Provident Fund	0.13	0.13
Employer's Contribution to Employee's state Insurance	0.00	0.01
Employer's Contribution to Pension Fund	0.07	0.10

**B. Defined Benefit Plan****Gratuity:**

In accordance with the payment of Gratuity Act 1972 the company provides for gratuity covering eligible employees. The liability on account of gratuity is covered partially through a recognized Gratuity Fund managed by Life Insurance Corporation of India (LIC) and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end.

Major category of plan assets

The group has taken plans from Life Insurance Corporation of India

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Financial Statements as at 31 March 2020 and 31 March 2019.

	Particulars	2019-20	2018-19
<b>i</b>	<b>Changes in present value of obligations</b>		
	Present value of obligations as at the beginning of year	1.32	1.61
	Interest cost	0.10	0.13
	Current Service Cost	0.05	0.06
	Past Service Cost	-	-
	Benefits Paid	(0.44)	(0.33)
	Actuarial gain on obligations	(0.03)	(0.15)
	Present value of obligations as at the end of year	1.00	1.32
	<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
<b>ii</b>	<b>Changes in the fair value of plan assets</b>		
	Fair value of plan assets at the beginning of year	0.13	0.34
	Expected return on plan assets	0.01	0.03
	Contributions	0.31	0.08
	Benefits paid	0.05	(0.33)
	Actuarial gain on Plan assets	(0.00)	0.00
	Fair value of plan assets at the end of year	0.49	0.13
<b>iii</b>	<b>Change in the present value of the defined benefit obligation and fair value of plan assets</b>		
	Present value of obligations as at the end of the year	(1.00)	(1.32)
	Fair value of plan assets as at the end of the year	0.49	0.13
	Net (liability) / asset recognized in balance sheet	(0.51)	(1.19)

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

**Amount recognised in the statement of profit and loss under employee benefit expenses.**

Particulars	2019-20	2018-19
<b>Expenses Recognised in statement of Profit &amp; Loss</b>		
Current Service cost	0.05	0.06
Interest Cost	0.09	0.10
Expected return on plan assets	-	-
Net Actuarial gain recognised in the year	-	-
Expenses recognised in statement of Profit & Loss Account	0.14	0.16

**Amount recognised in the statement of other comprehensive income (OCI).**

Particulars	2019-20	2018-19
<b>Actuarial Gain/Loss recognized</b>		
Actuarial (gain)/losses on obligation for the year	(0.03)	(0.15)
Return on Plan Asset, excluding Interest Income	0.00	(0.00)
Change in Asset ceiling	-	-
Net (Income)/Expense for the period recognized in OCI	(0.03)	(0.15)

**Principal actuarial assumptions at the Balance Sheet date**

Particulars	2019-20		2018-19	
Expected Return on Plan Assets		6.84%		7.76%
Rate of discounting		6.84%		7.76%
Rate of Salary Increase		8.00%		6.00%
Rate of employee turnover		3.00%		3.00%
Mortality Rate during employment	Indian Assured Lives Mortality (2006-08) Ult		Indian Assured Lives Mortality (2006-08) Ult	
Mortality Rate after employment		N.A.		N.A.

**37 Deferred taxes not recognised**

In absence of reasonable certainty, the Company has not recognised Deferred Tax Assets to the extent mentioned below in the table.

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets / (Liabilities) in relation to :		
Carried Forward Losses	28.72	25.94
Property, plant and equipment/Investment Property	2.06	0.11
<b>Total</b>	<b>30.78</b>	<b>26.05</b>

**38 Capital management****Risk Management**

The objectives when managing capital are to safeguard the ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The management sets the amounts of capital required in proportion to risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and risk characteristics of the underlying assets.

The Company monitors capital using a gearing ratio being a ratio of net debt as a percentage of total capital.

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowing	623.44	629.74
Total equity	35.00	31.63
Total Capital (Borrowing and Equity)	<b>658.44</b>	<b>661.37</b>
Gearing Ratio	17.81%	19.91%

- (i) Borrowings represents total borrowings (non-current & current).  
(ii) Equity comprises of all components including other comprehensive income.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

### 39 Financial Risk Management

A wide range of risks may affect the Company's business and financial results. Amongst other risks that could have significant influence on the Company are market risk, credit risk and liquidity risk.

The Board of Directors of the Company manage and review the affairs of the Company by setting up short term and long-term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.

#### 39.1 Market risk

The Company is primarily exposed to the following market risks.

##### 39.1.1 Interest rate risk management

Out of total borrowings, large portion represents current borrowings and all the borrowings are with fixed interest rate. And accordingly the Company is not exposed to interest rate risk. However, the Company continuously monitoring over all factors influence rating and also factors which influential the determination of the interest rates by the banks to minimize the interest rate risks.

##### 39.1.2 Price Risk

The company is constantly exposed to market inflation risk. The price of direct cost and overhead projected before execution of project are substainally increased till the completion of project. However company is eligible to claim price escalation amount from the client as per the terms and condition mentioned in tender document which varies for tender to tender.

#### 39.2 Credit management

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from clients and cash. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The Company has a low credit risk in respect of its trade receivables, its major customers being autonomous agencies of Government and Public Sector Undertakings. However, as Company grows its customer base, it will experience an increased credit risk environment. The Company is also exposed to credit risk in respect of its cash and seeks to minimise this risk by holding funds on deposit with major financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 752.64 crores ( ₹ 775.17 crores for March 31, 2019) being the total of the carrying amount of the balances with banks, bank deposits, investments (excluding equity investments), trade receivables, loans given and other financial assets.

#### 39.3 Liquidity risk management

Liquidity risk refers to the risk that the Company may not be able to meet its financial obligations timely.

Management monitors rolling forecasts of the Company's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

The table below analyses the maturity profile of the Company's financial liabilities. The following break up is based on the remaining period at the balance sheet date to the contractual maturity date. The liquidity continues to remain under stress. The Company is going through a very tight liquidity situation resulting in sub-optimal level of operations thereby impacting profitability. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	2019-20			2018-19		
	Less than 1 year	Between 1 and 5 years	Total	Less than 1 year	Between 1 and 5 years	Total
a. Borrowings	596.29	27.15	623.44	602.66	27.08	629.74
b. Trade Payables	117.10	-	117.10	153.74	-	153.74
c. Other Financial Liabilities	0.18	101.08	101.26	0.16	88.29	88.45
<b>Total</b>	<b>713.57</b>	<b>128.23</b>	<b>841.80</b>	<b>756.56</b>	<b>115.37</b>	<b>871.93</b>

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

## 39.4 Other disclosure pursuant to Ind AS 107 “Financial Instruments: Disclosures”

## 39.4.1 Category-wise classification for applicable financial assets:

Particulars	Note	As at 31-Mar-20	As at 31-Mar-19
<b>Measured at fair value through Other Comprehensive Income (FVTOCI) (Level 3)</b>			
Investment in equity shares	4	0.05	0.07
<b>Measured at amortised cost: (All Level 3)</b>			
Security Deposits - Non Current	5	41.52	32.16
Security Deposits - Current	8	65.12	75.46
Loans	11	473.32	469.93
Trade receivables	8	161.61	233.75
<b>Total</b>		<b>741.62</b>	<b>811.37</b>

## 39.4.2 Category-wise classification for applicable financial liabilities:

Particulars	Note	As at 31-Mar-20	As at 31-Mar-19
<b>Measured at amortised cost: (All Level 3)</b>			
Borrowings - Non current	16	27.15	27.08
Borrowings - Current (Short Term)	18	317.38	319.88
Borrowings - Current maturities of long term borrowings & fixed deposits	20	278.91	282.78
Trade payables	19	101.85	116.86
Retention money from Sub-contractors	19	15.25	36.88
<b>Measured at fair value through Other Comprehensive Income (FVTOCI)</b>		-	-
<b>Total</b>		<b>740.54</b>	<b>783.48</b>

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

- 40
- The Company has not evaluated impairment provisions for expected credit losses (ECL) as required under Ind AS 109 “Financial Instruments” in relation to investments made Rs.2.23 crore, loans and advances given Rs.212.50 crores and extended Corporate Guarantees aggregating to Rs.381.35 crores to its three Subsidiary companies, two Step-down Subsidiary companies and one Associate Companies Rs.212.50 whose net-worth is completely eroded on account of continued losses incurred in the past. In view of the primary security already provided by the Subsidiaries and step down subsidiary companies, the Settlement proposals being pursued by the Management and the claim raised by the subsidiary company on its customer, the Company has not provided for any further liability towards Impairment of Loans & Advances and Investment in Subsidiaries.
  - The Company has issued financial guarantee to various Banks/Financial Institutions on behalf of one subsidiary and two step down subsidiaries as per terms of sanction for the borrowing facilities issued by Banks/ Financial Institutions aggregating to Rs.381.35 crores. The Company has charged commission for providing corporate guarantee to the subsidiaries and same is recognised during the financial year 2016-17 and 2017-18, but from 1st April, 2018, considering the weak financial position of the subsidiary and two step down subsidiaries, the Company has decided not to charge further commission against the Corporate Guarantee.  
The Company has also not done any fair valuation of its Corporate guarantees issued without consideration as per the requirements of Ind AS 109 & Ind AS 113, for the reasons mentioned above.
  - 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.
  - The financial statement of one of its associate company is not available as its accounts are not finalised. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statements of the Company.

## Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020

(₹ In Crores)

- 41** 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 as it expects to recover the same in the time to come and hence has not made any provision for the same.
- 42** 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.
- The Company has also not provided Interest on its outstanding payments to its Vendors registered under MSME.
- Further, the Company has also not provided for interest of Rs. 2.61 Crores as on 31st March, 2020, which may arise on delayed payment of TDS.
- 43** 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 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.
- 44** 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.
- 45** 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.
- 46** 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 41 above, balances with revenue authorities of Rs. 7.32 crores referred in point 45 above and total liabilities of Rs. 42.20 crores as at the year end.
- 47** 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. During the year company had already sent the account balance confirmation letters/Mails to their Banks, Loans & Advances given and Trade Receivables which are pending to be received. However, the Company do not foresee any material impacts on the financial statement of the company except as otherwise stated.
- 48** There are various Legal cases filed by/ against the company. Since the cases are ongoing and based on the discussion with respective managements, the Company do not foresee any material impacts on the financial statement of the Company.
- 49** 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.
- 50** 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)".
- 51** 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.

**Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2020**

- 52** The Company, during the previous year transferred its title in Investment in Equity Shares of Bhubaneswar Express Ways Private Limited ("BEWPL") to KSS Petron Private Limited (earlier known as "Kazstroy Services Infrastructure (India) Private Limited") ("KSSPPL") in accordance with the terms of Option Agreement entered into between the Company and KSSPPL. In terms of such MOU, KSSPPL had granted a loan of Rs. 26.88 crores and the Company was to invest such amount in Equity shares of BEWPL. KSSPPL retained the right to call notice for such investments made by the Company in equity shares of BEWPL against the loan granted by KSSPPL to the Company. The Company had granted an irrevocable right to KSSPPL to purchase such investments from the Company upon the completion of two years from the Commercial Operation Date of the Project or upon the termination of the Concession Agreement, whichever is earlier by exercising its right to call notice. KSSPPL has during the year exercised its right to such call notice for purchase of investments. The Company had accordingly transferred title to such investments to KSSPPL and had offset the Loan account of KSSPPL with the Cost of Investments in BEWPL. Considering the reciprocal arrangement of loan and investment of like amount, the management had taken a judicial decision to square off the transaction with all intent and purpose in terms of option agreement executed between the parties.
- 53** 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.
- 54** 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 statements, 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 statements.
- 55** 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.
- 56** 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.

In term of our Report attached  
**For Bagaria & Co. LLP**  
 Chartered Accountants  
 FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Tarun Dutta**  
 Chief Executive Officer

**S N KAVI**  
 Director  
 DIN : 05124904

**TEJAS DESHPANDE**  
 Director  
 DIN : 01942507

**Vinay Somani**  
 Partner  
 Membership No. 143503

**Vijay Kumar H. Modi**  
 Company Secretary & Legal  
 Membership No. FCS 1831

**Lalna B. Takekar**  
 Director  
 DIN : 08111805

**Anil S. Korpe**  
 Chief Financial Officer

Place : Mumbai.  
 Date : 20th August, 2020



**FORM AOC-1**

Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries (As on / for the period / year ended March 31, 2020)

( Rupees in Crores)

Sr. No.	Particulars	Valecha Infrastructure Ltd	Valecha LM Toll Pvt Ltd.	Valecha Badwani Sendhwa Tollways Ltd	Valecha Kachchh Toll Road Ltd	Valecha International FZE	Professional Realtors Pvt Ltd.
1	Reporting Currency	INR	INR	INR	INR	INR	INR
2	Share Capital	0.05	10.00	5.00	68.50	0.31	0.01
3	Reserves	(138.54)	(101.15)	(11.04)	(484.55)	-	(0.25)
4	Total assets	98.92	192.24	51.45	381.17	24.00	0.00
5	Total Liabilities	237.42	283.39	57.49	797.22	23.69	0.24
6	Investment except in the case of investment in subsidiary	-	-	-	-	-	-
7	Revenue from Operations	-	19.70	12.77	9.13	-	-
8	Other Income	0.04	0.23	-	0.00	-	-
9	Profit/(Loss) before Taxation	(12.13)	(25.32)	(4.14)	(107.86)	-	(0.17)
10	Provision for tax - (Current Tax)	-	-	-	-	-	-
11	Provision for tax - (Deferred Tax)	-	-	-	-	-	-
12	Profit/(Loss) after Tax	(12.13)	(25.32)	(4.14)	(107.86)	-	(0.17)
13	% of Share holding	100%	74%	74%	58%	100%	100%

**Notes**

- 1 Please refer to consolidated financial statements and notes appearing there on.
- 2 Investment in Valecha international FZE 1,50,000 AED. 1 AED= INR.20.3425 as on 31.03.2020
- 3 The members if they desire, may write to the company at the Registered Office situated at Valeccha Chambers, 4th floor, Andheri New Link Road, Andheri (W), Mumbai-53 to obtain a copy of the financials of its subsidiary companies.
- 4 The annual accounts of the subsidiary companies can be inspect by the member at the Registered Office of the Company.

## Independent Auditor's Report

To The Members of Valecha Engineering Limited

### Qualified Opinion

#### Report on the Audit of Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Valecha Engineering Limited** and its six Subsidiaries (including two step down subsidiaries), one associate (the Holding Company, its subsidiaries and its associate together referred to as "The Group"), which comprises of Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss, Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiary as were audited by the other auditors, and except for the effects/ possible effects, if any, of the matters described in the "Basis for Qualified Opinion" paragraphs of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2020, its consolidated loss, consolidated other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Qualified Opinion

- a) We draw attention to Note No. 49 to the consolidated financial statements, 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 consolidated financial statements 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. 0.07 crores in its two Associate Companies, 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 consolidated financial statements.

- b) We draw attention to Note No. 46 to the consolidated financial statements, 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 consolidated financial statements.

- c) We draw attention to Note No. 44 to the consolidated financial statements, wherein the Holding Company has not provided for any regular interest payable to banks estimated at Rs. 87.07 Crores for the year ended 31<sup>st</sup> March, 2020 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 Holding Company 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 year ended 31<sup>st</sup> March, 2020 and interest on delayed payment of dues towards Tax deducted at Source as on 31<sup>st</sup> March, 2020 been made in the financial results for the year ended 31<sup>st</sup> March, 2020, the Group's net loss after comprehensive income for the year ended 31st March, 2020 would have been Rs 244.46 crores. 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 consolidated financial statements.

- d) We draw attention to Note No. 45 to the consolidated financial statements, 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 adjudged. 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 consolidated financial statements.

- e) We draw attention to Note No. 50 to the consolidated financial statements 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. 51 to the consolidated financial statements, 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 consolidated financial statements.
- g) We draw attention to Note No. 47 to the consolidated financial statements, 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 consolidated financial statements.

- 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 consolidated financial statements.
- 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 consolidated financial statements.
- j) We draw attention to Note No 52 to the consolidated financial statements, 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 53 to the consolidated financial statements 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 31<sup>st</sup> 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.

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

#### **Material Uncertainty Related to Going Concern:**

We draw attention to Note No. 44 & Note No. 55 to the consolidated financial statements which indicates that the Group 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 44 & Note No. 55, indicate the existence of a material uncertainty that may cast significant doubt about 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. 55 to the consolidated financial statements.

## Emphasis of Matter

- a. We draw attention to Note no. 48 to the consolidated financial statements, 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. 54 to the consolidated financial statements, where during the year ended 31<sup>st</sup> 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.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matters	Auditor's response
1	<b>Revenue from Construction Contracts</b>	
	<p>There are significant accounting judgment including estimation of costs to complete, determining the stage of completion and the timing of revenue recognition.</p> <p>The Holding Company recognizes revenue and profit/loss on the basis of stage of completion based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of revenue and profit/loss therefore rely on estimates in relation to total estimated costs of each contract.</p> <p>Refer to Note Number 2.7 Summary of significant accounting policies – "Revenue Recognition" of the Consolidated Financial Statements</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the Holding Company's revenue recognition accounting policies in line with Ind AS 115 and testing thereof.</li> <li>• Testing of the design and implementation of controls involved for the determination of the estimates used as well as their operating effectiveness;</li> <li>• Testing the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard;</li> <li>• Testing a sample of contracts for appropriate identification of performance obligations;</li> <li>• For the sample selected, reviewing for change orders and the impact on the estimated costs to complete;</li> <li>• Discussion with the qualified &amp; experienced project personnel regarding estimates of costs to complete for sample contracts, determination of milestones, various inherent contingencies in the contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul>

## Information Other than the Consolidated Financial Statements and Auditor's report thereon

The Holding Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board report, Corporate Governance report and Shareholder's information, but does not include the consolidated financial statement and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

This responsibility also includes 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 also responsible for overseeing the reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 consolidated 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

- a) We did not audit the financial statements of four subsidiaries (including one step down subsidiaries) and one associate included in the consolidated financial statements which reflect total assets of Rs. 538.08 Crores, total revenue of Rs. 21.94 crores for the year ended March 31, 2020 and total comprehensive loss of Rs. 124.29 crores for the year ended March 31, 2020. 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 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.

- b) We have relied on the unaudited financial statements furnished by the Holding Company's management with respect to one subsidiary company and one step down subsidiary referred in point (a) to section "Basis for qualified conclusion" referred above) included in the consolidated financial statements which reflect total assets of Rs. 216.24 Crores, total revenue of Rs.19.93 crores for the year ended March 31, 2020, and total comprehensive loss of Rs. 25.32 crores for the year ended March 31, 2020. 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 loss and other financial information of the consolidated financial statements as at and for the year ended March 31, 2020.

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

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other Auditors on separate financial statements of the subsidiaries as noted in the note no. 'a' of "Other Matters" paragraph above and unaudited financial statements referred to in 'b' of "Other Matters" paragraph above, we report, to the extent applicable that:

- (a) We have sought and except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept by the Holding Company and its subsidiaries included in the Group, so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors and information certified by the management, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above;
- (c) Except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Consolidated Balance sheet, the Consolidated Statement of Profit & Loss (including consolidated other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) Except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards prescribed under Section 133 of Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014;
- (e) The matters described in the "Basis for Qualified Opinion" paragraphs and the "Emphasis of Matter" paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2020 taken on record by the Board of Directors of the Parent Company and the Company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "A".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Sec 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiaries and financial statements certified by the Management in case of one subsidiary and one step-down subsidiary as noted in 'Other Matters':
- Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 33 to the Consolidated Financial Statements.
  - Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, provisions have been made in the Consolidated Financial Statement, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

**For Bagaria & Co. LLP**

Chartered Accountants

Firm Registration No: 113447W/W-100019

**Vinay Somani**

Partner

Membership No: 143503

UDIN: 20143503AAAkJ3826

Place : Mumbai

Date : August 20, 2020

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF VALECHA ENGINEERING LIMITED**

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Valecha Engineering Limited ("the Parent Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements and (4) also provide us reasonable assurance by the internal auditors through their internal audit reports given to the Group from time to time.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Holding Company's internal financial controls over financial reporting as at March 31, 2020:

- a. The Holding Company is not having a full fledged ERP system to manage different operational activities. Accordingly, many of the operations, which would have been taken care by the system, required manual intervention and to that extent there are limitations in control system and processes.

The discrepancies noticed due to the above weakness, were, however, rectified by the year end with manual intervention.

- b. The Holding Company did not have an appropriate internal control system at sixteen (16) projects sites which could potentially result in the Company recording transactions and carrying balances of assets and liabilities without establishing reasonable certainty of its true nature, recoverability / liability to pay and could potentially result in material misstatements in the Company's consolidated financial statements.

- c. The Holding Company's internal control system were not operating effectively in evaluating the impairment provisions for expected credit losses and / or fair valuation as per the respective requirements of Ind AS 109 - "Financial Instruments" and Ind AS 113 – "Fair Value Measurement" in relation to the following:
- Long outstanding trade receivables and loans to related parties and other parties as more fully described in note no 46 to the consolidated financial statements.

This could result in the Holding Company not providing for adjustment, if any that may be required to the carrying values of such trade receivables and loans and further provisions, if any, required to be made and its consequential impact on the accompanying consolidated financial statements

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Holding Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the said Guidance Note issued by ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company for the year ended March 31, 2020.

### Other Matters

- a. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal Financial controls over financial reporting in so far as it relates to one subsidiary company and one step down subsidiary company incorporated in India, is based on the corresponding report of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by, and on the reports of the other auditors.

**For Bagaria & Co. LLP**  
**Chartered Accountants**

Firm Registration No: 113447W/W-100019

**Vinay Somani**  
**Partner**

**Place : Mumbai**

**Date : August 20, 2020**

Membership No: 143503  
UDIN: 20143503AAAAKJ3826



**UPDATED/ AMENDED/ REVISED / CORRECTED FINANCIAL STATEMENTS IN RESPECT OF CONSOLIDATED FINANCIAL STATEMENTS OF VALECHA ENGINEERING LIMITED**

(Rs.in Crores)

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

Relevant Sr. No.	Particulars	REPORTED ON	Reported on	REPORTED ON	Reported on
		07/09/2020	20-21/08/2020	07/09/2020	20-21/08/2020
		Quarter ended on 31.03.2020		For the year ended on 31.03.2020	
1	(a) Revenue from Operations	68.16	79.78	240.36	251.98
5	Profit / (Loss) before Exceptional Items and tax (3+4)	(45.65)	(34.03)	(156.50)	(144.88)
7	Profit / (Loss) before tax (5-6)	(45.65)	(34.03)	(156.50)	(144.88)
9	Profit / (Loss) for the Period (7-8)	(45.65)	(34.03)	(156.50)	(144.88)
11	Total Comprehensive Income for the period (9+10)	(44.35)	(32.73)	(154.78)	(143.16)
12	Net Profit/(Loss) attributable to :				
	Shareholders of the Company	(31.88)	(20.26)	(103.55)	(91.93)
	Non-Controlling interest	(13.77)	(13.77)	(52.96)	(52.96)
14	Total Comprehensive Income attributable to :				
	Shareholders of the Company	(30.58)	(18.96)	(101.83)	(90.21)
	Non-Controlling interest	(13.77)	(13.77)	(52.96)	(52.96)
16	Other Equity Excluding Revaluation Reserves		-	(798.71)	(787.09)
17	Earning Per Share (of ₹ 10/- each) (not annualised):				
	(i) Basic earnings (loss) per share	(20.26)	(15.10)	(69.46)	(64.30)
	(ii) Diluted earnings (loss) per share	(20.26)	(15.10)	(69.46)	(64.30)

**[B] CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020**

Rs. In Crores

Sr. No.	Particulars	REPORTED ON	Reported on
		07/09/2020	20-21/08/2020
		For the year ended on 31.03.2020	
	ASSETS		
	Non Current Assets		
	(g)Intangible Assets under development	191.30	202.92
	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity Share Capital	22.53	22.53
	(b) Other Equity	(589.52)	(577.90)
	Equity Attributable to Shareholders of the Company	(566.99)	(555.37)
	Non-Controlling Interest	(209.19)	(209.19)
	Total Equity	(776.18)	(764.56)

**[C] CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020**

Rs. In Crores

Particulars	REPORTED ON	Reported on
	07/09/2020	20-21/08/2020
		For the year ended on 31.03.2020
A. Cash flow from Operating activities		
Loss Before Tax	(156.50)	(144.88)
Operating Profit/ (Loss) before Working Capital changes	19.52	31.14
Cash Generated From / (used in) Operations	105.96	117.58
Net Cash Flow from operating activities (A)	101.86	113.48
B. Cash Flow from investing activities		
Capital Expenditure for Property, Plant and Equipments, Investments Property, Intangible Assets including CWIP	(3.49)	(15.11)
Net Cash flow from investing activities (B)	4.31	(7.32)

**Tarun Dutta**  
Chief Executive Officer

**Lalna B. Takekar**  
Director  
DIN : 08111805

**Vijay Kumar H. Modi**  
Company Secretary & Legal  
Membership No. FCS 1831

**Anil S. Korpe**  
Chief Financial Officer

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020**

(₹ in Crores)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant & Equipment	3	7.23	12.30
(b) Right of use assets	3.1	0.08	-
(c) Investment Property	3.2	5.51	5.62
(d) Goodwill on Consolidation		1.80	1.80
(e) Other Intangible Assets	3.3	342.66	377.40
(f) Intangible Assets under development	3.4	191.30	188.00
(g) Financial Assets			
(i) Investments	4	0.12	0.15
(ii) Other Financial Assets	5	41.52	32.16
(h) Other Non-Current Assets	6	22.78	18.67
<b>Total Non Current Assets</b>		<b>613.00</b>	636.10
<b>Current Assets</b>			
(a) Inventories	7	0.51	1.23
(b) Financial Assets			
(i) Trade Receivables	8	224.76	301.66
(ii) Cash & Cash Equivalents	9	24.13	19.59
(iii) Bank Balances other than (ii) above	10	4.65	4.97
(iv) Loans	11	247.01	269.69
(v) Other Financial Assets	12	4.51	3.20
(c) Other Current Assets	13	59.98	36.18
<b>Total Current Assets</b>		<b>565.55</b>	636.52
<b>Total Assets</b>		<b>1,178.55</b>	1,272.62
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	14	22.53	22.53
(b) Other Equity	15	(589.52)	(487.69)
<b>Equity Attributable to Shareholders of the Company</b>		<b>(566.99)</b>	(465.16)
<b>Non-Controlling Interest</b>		<b>(209.19)</b>	(156.23)
<b>Total Equity</b>		<b>(776.18)</b>	(621.39)
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	66.00	383.81
(ii) Other Financial Liabilities	17	59.19	51.65
(b) Deffered Tax Liabilities (Net)	18	3.77	3.77
(c) Other Non-Current Liabilities	19	34.64	30.98
<b>Total Non Current Liabilities</b>		<b>163.60</b>	470.21
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	729.06	370.80
(ii) Trade Payables	21		
- 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	22	921.09	854.01
(b) Other Current Liabilities	23	17.94	40.60
(c) Provisions	24	1.80	1.29
<b>Total Current Liabilities</b>		<b>1,791.13</b>	1,423.80
<b>Total Equity &amp; Liabilities</b>		<b>1,178.55</b>	1,272.62
Significant Accounting Policies	1 & 2		
See Accompanying notes forming part of the Financial Statements	3 to 60		

In term of our Report attached

**For Bagaria & Co. LLP**

Chartered Accountants

FRN : 113447W/ W-100019

**For and on behalf of the Board****Tarun Dutta**

Chief Executive Officer

**S N Kavi**

Director

DIN : 05124904

**Tejas Deshpande**

Director

DIN : 01942507

**Vinay Somani**

Partner

Membership No. 143503

**Vijay Kumar H. Modi**

Company Secretary &amp; Legal

Membership No. FCS 1831

**Lalna B. Takekar**

Director

DIN : 08111805

**Anil S. Korpe**

Chief Financial Officer

Place : Mumbai.

Date : 20th August, 2020

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

Particulars	Note	Year Ended March 31,2020	Year Ended March 31,2019
<b>Income</b>			
Revenue from Operations	25	240.36	209.72
Other Income	26	5.95	17.67
<b>Total Income</b>		<b>246.31</b>	<b>227.39</b>
<b>EXPENSES</b>			
Construction Expenses	27	195.81	159.96
Changes in Inventories	28	0.72	13.96
Employee Benefit Expenses	29	9.47	10.13
Finance Cost	30	142.07	126.15
Depreciation and Amortization Expenses	3	36.88	40.07
Other Expenses	31	17.86	27.38
<b>Total Expenses</b>		<b>402.81</b>	<b>377.65</b>
<b>Profit/ (Loss) Before Share of Net Profit/ (loss) in Associate, Exceptional Items and Tax</b>		<b>(156.50)</b>	<b>(150.26)</b>
Share of Net Profit/ (loss) in Associates		<b>(0.00)</b>	<b>(0.00)</b>
<b>Profit/ (Loss) Before Exceptional Items and Tax</b>		<b>(156.50)</b>	<b>(150.26)</b>
Exceptional Items (Net)	32	-	-
<b>Profit/ (loss) Before Tax</b>		<b>(156.50)</b>	<b>(150.26)</b>
<b>Tax Expenses</b>			
Current Tax (Including earlier year taxation)		-	-
Deffered Tax		-	-
<b>Profit/ (Loss) for the year</b>		<b>(156.50)</b>	<b>(150.26)</b>
<b>Attributable to</b>			
Shareholders of the Company		<b>(103.55)</b>	<b>(102.29)</b>
Non-Controlling Interests		<b>(52.96)</b>	<b>(47.98)</b>
<b>Other Comprehensive Income / (Loss)</b>			
A. (i) Items that will not be reclassified to profit or loss			
(a) Fair Value of Financial Instruments		-	(0.29)
(b) Investment in Equity Instruments		<b>(0.02)</b>	-
(c) Re-measurement of defined benefit plans		<b>0.03</b>	0.15
(ii) Income tax relating to items that will not be classified to profit or loss		-	-
B. (i) Items that will be reclassified to profit or loss			
(a) Re-measurement of gain/(loss) of investment/advances in foreign subsidiary		<b>1.71</b>	1.39
(ii) Income tax relating to items that will be classified to profit or loss		-	-
<b>Other Comprehensive Income / (Loss) for the year</b>		<b>1.72</b>	<b>1.25</b>
<b>Total Comprehensive Income for the year</b>		<b>(154.78)</b>	<b>(149.01)</b>
<b>Attributable to</b>			
Shareholders of the Company		<b>(101.83)</b>	<b>(101.03)</b>
Non-Controlling Interests		<b>(52.96)</b>	<b>(47.98)</b>
<b>Earnings per Equity Share of Face Value of Rs. 10 each</b>			
Basic and Diluted	33	<b>(69.46)</b>	<b>(66.69)</b>
Significant Accounting Policies	1 & 2		
See Accompanying notes forming part of the Financial Statements	3 to 60		

In term of our Report attached  
**For Bagaria & Co. LLP**  
Chartered Accountants  
FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Tarun Dutta**  
Chief Executive Officer

**S N Kavi**  
Director  
DIN : 05124904

**Tejas Deshpande**  
Director  
DIN : 01942507

**Vinay Somani**  
Partner  
Membership No. 143503

**Vijay Kumar H. Modi**  
Company Secretary & Legal  
Membership No. FCS 1831

**Lalna B. Takekar**  
Director  
DIN : 08111805

**Anil S. Korpe**  
Chief Financial Officer

Place : Mumbai.  
Date : 20th August, 2020

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>A. Cash flow from Operating activities</b>		
Loss Before Tax	(156.50)	(150.26)
<b>Add / (Deduct) Adjustment for :</b>		
Depreciation and Amortization Expense	36.88	40.07
Loss / (Profit) on sale of property, plant & equipments, Investment Property (net)	-	0.80
Impairment/ discard of Plant and Equipment	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)
<b>Operating Profit/ (Loss) before Working Capital changes</b>	<b>19.52</b>	<b>15.99</b>
<b>Changes in Working Capital:</b>		
<b>Adjustment for (increase) / decrease in operating assets:</b>		
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)
<b>Adjustment for (increase) / decrease in operating liabilities:</b>		
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
<b>Cash Generated From / (used in) Operations</b>	<b>105.96</b>	<b>250.13</b>
Direct Taxes (Paid)	(4.10)	9.16
<b>Net Cash Flow from operating activities (A)</b>	<b>101.86</b>	<b>259.29</b>
<b>B. Cash Flow from investing activities</b>		
Capital Expenditure for Property, Plant and Equipments, Investments Property, Intangible Assets including CWIP	(3.49)	(3.37)
Proceeds from disposal of Property, Plant and Equipment, Investment Property	2.64	6.18
Investment in shares	0.00	(0.00)
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
<b>Net Cash flow from investing activities (B)</b>	<b>4.31</b>	<b>35.73</b>

(₹ in Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>C. Cash flow from financing activities</b>		
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)
<b>Net Cash flow used in financing activities (C )</b>	<b>(101.63)</b>	<b>(285.82)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>4.54</b>	<b>9.20</b>
<b>Cash and Cash Equivalent at the beginning of the year</b>	<b>19.59</b>	10.39
<b>Cash and Cash Equivalent at the end of theyear</b>	<b>24.13</b>	19.59
Note: Figures in brackets represents cash outflow		
Significant Accounting Policies	1 & 2	
See Accompanying notes forming part of the Financial Statements	3 to 60	

In term of our Report attached  
**For Bagaria & Co. LLP**  
 Chartered Accountants  
 FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Tarun Dutta**  
 Chief Executive Officer

**S N Kavi**  
 Director  
 DIN : 05124904

**Tejas Deshpande**  
 Director  
 DIN : 01942507

**Vinay Somani**  
*Partner*  
 Membership No. 143503

**Vijay Kumar H. Modi**  
 Company Secretary & Legal  
 Membership No. FCS 1831

**Lalna B. Takekar**  
 Director  
 DIN : 08111805

**Anil S. Korpe**  
 Chief Financial Officer

Place : Mumbai.  
 Date : 20th August, 2020

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020****A. Equity Share Capital**

(₹ in Crores)

	Nos. of Shares	Amount
<b>Balance as at April 01, 2018</b>	22,530,025	22.53
Add: Changes in Equity Share Capital	-	-
<b>Balance as at March 31, 2019</b>	22,530,025	22.53
Add: Changes in Equity Share Capital	-	-
<b>Balance as at March 31, 2020</b>	22,530,025	22.53

**B. Other Equity**

(₹ in Crores)

Particulars	Reserve & Surplus					Item of other Comprehensive Income / (Loss)			Total
	Securities Premium Reserve	General Reserve	Compulsory Convertible Debentures (CCD)	Revaluation Reserve	Retained Earnings	Defined benefit plans	Re-measurement of gain/ (loss) of investment/ advances in foreign subsidiary	Fair Value of Financial Measurements	
<b>Balance at April 01, 2018</b>	121.12	43.90	18.31	-	(565.08)	(0.45)	-	(4.46)	(386.66)
Other comprehensive Income / (loss) for the year, net of tax						0.15	1.39	(0.29)	1.25
Prior Year Adjustments for Taxes and Others									-
Profit / (Loss) for the year	-	-	-	-	(102.29)	-	-	-	(102.29)
<b>Balance at March 31, 2019</b>	121.12	43.90	18.31	-	(667.37)	(0.30)	1.39	(4.75)	(487.69)
Other comprehensive Income / (loss) for the year, net of tax						0.01	1.71	-	1.72
Prior Year Adjustments for Taxes and Others									-
Profit / (Loss) for the year	-	-	-	-	(103.55)	-	-	-	(103.55)
<b>Balance at March 31, 2020</b>	121.12	43.90	18.31	-	(770.92)	(0.29)	3.10	(4.75)	(589.52)

See Accompanying notes forming part of the Financial Statements

In term of our Report attached  
**For Bagaria & Co. LLP**  
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 FRN : 113447W/ W-100019

**For and on behalf of the Board**

**Tarun Dutta**  
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 Director  
 DIN : 08111805

**Anil S. Korpe**  
 Chief Financial Officer

Place : Mumbai.  
 Date : 20th August, 2020

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

### 1 Statement of compliance

The Consolidated financial statements Complies in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act and other accounting principles generally accepted in India.

### 2 Significant accounting policies

#### 2.1 Basis of preparation and presentation

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.1.1 Historical cost convention

The Group follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis. the consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

##### 2.1.2 Current & Non Current Classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalent, the Group has ascertained its operating cycle as twelve (12) months for the purpose of current or non-current classification of assets and liabilities.

The Group's consolidated financial statements are presented in Indian Rupees (₹), which is its functional currency and all values are rounded to the nearest crore (₹ 0,000,000) in two decimals except when otherwise indicated.

### 2.2 Basis of consolidation

**2.2.1** The consolidated financial statements incorporate the financial statements of the Parent Group and its subsidiaries (**Refer Note-38**). For this purpose, an entity which is, directly or indirectly, controlled by the Parent Group is treated as subsidiary. The Parent Group together with its subsidiaries constitute the Group. Control exists when the Parent Group, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

**2.2.2** Consolidation of a subsidiary begins when the Parent Group, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Group, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Group, directly or indirectly, gains control until the date when the Parent Group, directly or indirectly, ceases to control the subsidiary.

**2.2.3** The consolidated financial statements of the Group combines financial statements of the Parent Group and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Group.

The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Group's standalone financial statements.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Group and to the non-controlling interests and have been shown separately in the consolidated financial statements.

**2.2.4** Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Group.

**2.2.5** The gains/losses in respect of part divestment/dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Group.

**2.2.6** The gains/losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as an associate or a joint venture or a financial asset.

**2.2.7** Goodwill on consolidation as on the date of transition i.e. April 1, 2016 represents the excess of cost of acquisition at each point of time of making the investment in the subsidiary over the Group's share in the net worth of a subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation (if any) represents excess of the Group's share in the net worth of a subsidiary over the cost of acquisition at each point of time of making the investment in the subsidiary.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

Goodwill on consolidation arising on acquisitions on or after the date of transition represents the excess of (a) consideration paid for acquiring control and (b) acquisition date fair value of previously held ownership interest, if any, in a subsidiary over the Group's share in the fair value of the net assets (including identifiable intangibles) of the subsidiary as on the date of acquisition of control.

Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

### 2.3 Use of Estimates

The preparation of the consolidated financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known /materialise.

### 2.4 Inventories

The inventories of materials on hand at the end of the year are valued at lower of cost or net realisable value. The cost is being determined on First-In-First out method. Cost of work-in-progress comprises, raw materials, direct labour, other direct costs and related production overheads.

### 2.5 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.6 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

### 2.7 Revenue recognition

The Group Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. The Company recognizes revenue and profit/loss on the basis of stage of completion achieved under each contract. The recognition of revenue and profit/loss therefore rely on degree of completion achieved under each contract.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred.

Contracts executed in Joint Ventures / Consortium under work sharing arrangement are accounted in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed. In case where the contracts are executed independently by the Joint Ventures the share of profit / (Loss) is recognized as an income / (Loss) in the Books of account of the Company in the year in which the relative contract/s is/are completed / Income received.

Revenue is disclosed net of Goods and Service Tax (GST) as applicable.

#### Other Income

Interest Income is recognised on the basis of effective interest method as set out in IND AS 109 on Financial Instruments and where no significant uncertainty as to measurability or collectability exists.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

### 2.8 Employee Benefit

#### 2.8.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.



## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

### 2.8.2 Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### 2.8.3 Post-employment obligations

#### (i) Defined benefit provident fund plan

The Group's contribution to provident fund is charged to Statement of Profit and Loss.

#### (ii) Defined benefit Gratuity fund plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan. The defined benefit obligation is calculated annually as provided by LIC. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

The Group does not have scheme of leave encashment.

## 2.9 Taxation

2.9.1 The Income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in the profit and loss except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

### 2.9.2 Current Tax

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income.

Current tax assets and tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.9.3 Deferred Tax

Deferred Tax charge or credit is recognised on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. It is calculated using the applicable tax rates and tax laws that have been enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### 2.9.4 Minimum Alternative Tax ('MAT')

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

## 2.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

### 2.10.1 Financial Assets

#### **Classification of Financial Assets**

The Group classifies its financial assets in the following measurement categories:

- (a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- (b) those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

- (a) For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.
- (b) For investments in debt instruments, this will depend on the business model in which the investment is held.
- (c) For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### **Measurement of Financial Assets**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### 2.10.1 a **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or other expenses (as applicable). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income or other expenses (as applicable) in the period in which it arises. Interest income from these financial assets is included in other income or other expenses, as applicable.

#### 2.10.1.b **Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has selected to present fair value gains and losses on equity investments in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses, as applicable in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### 2.10.1.c **Fair Value Hedge**

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in statement of profit and loss.

#### **Impairment of financial assets**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

#### **Derecognition of financial assets**

A financial asset is derecognised only when -

- (a) The Group has transferred the rights to receive cash flows from the financial asset or

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

- (b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### 2.10.2 Financial Liabilities

#### **Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

- 2.10.3 (i)** Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.
- (ii)** Borrowings are classified as current financial liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### 2.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortization, where appropriate.

### 2.12 Property, plant and equipment

On transition to Ind AS, The group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the property, plant and equipment.

Free-hold land is carried at cost. Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital Work in Progress ('CWIP') comprises amount paid towards acquisition of property, plant and equipment outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for its intended use and borrowing cost incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

The Group assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any, such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is charged to profit and loss account. If at the balance Sheet date there is any deduction that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

### Depreciation and amortisation

Depreciation on Fixed Assets is calculated on "Straight Line Method" over the estimated useful life in the manner prescribed in Schedule II of the Companies Act, 2013.w.e.f. 01.04.2014. Depreciation on Revalued Assets, is calculated on their respective book values, at the rates considered applicable by the valuers.

Free hold land is not depreciated. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

### 2.13 Foreign currency transactions

Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are affected. Exchange differences arising on settlement of these transactions are recognized in the Statement of Profit and Loss.

Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are revalued using the exchange rate prevailing at date of the Balance Sheet and resulting exchange difference is recognized in the Statement of Profit and Loss. Non-monetary foreign currency items are carried at cost.

### 2.14 Investment Property

Property that is held for rental or Capital appreciation and which is not occupied by the group, is classified by Investing property. Investment property is measured at cost including related transaction cost and where applicable borrowing cost. Investment properties are depreciated at the same rate applicable for class of asset under Property, Plant and Equipment. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

On transition to Ind AS, the group has elected to continue with the carrying value of all of its investment properties recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

### 2.15 Intangible assets

On transition to Ind AS, The group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the intangible assets.

An intangible asset shall be recognised if, and only if: (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the group and (b) the cost of the asset can be measured reliably.

#### Amortisation on Intangible asset

Amortisation on intangible Assets is calculated on "Straight Line Method" over the period of useful life of asset as technically evaluated by the management.

### 2.16 Earnings per share

#### 2.16.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group; and
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

#### 2.16.2 Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 2.17 Impairment of Assets :

The carrying amounts of all assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An assets is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

### 2.18 Provisions, contingent liabilities and contingent assets

#### Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

### **Contingent liabilities**

Contingent Liabilities are not recognized but disclosed in notes forming part of the consolidated financial statements.

### **Contingent Assets**

Contingent Assets are disclosed, where an inflow of economic benefits is probable. Contingent assets are neither recognised nor recorded in financial statements.

### **2.19 Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

### **2.20 Leases**

Leases are accounted as per Ind AS 116 which has become mandatory from April 1, 2019. Assets taken on lease are accounted as right-of-use assets and the corresponding lease liability is accounted at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, or a change in the estimate of the guaranteed residual value, or a change in the assessment of purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Statement of Profit and Loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation and cumulative impairment, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or useful life of the underlying asset whichever is earlier. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made. Lease payments associated with following leases are recognised as expense on straight-line basis:

- (i) Low value leases; and
- (ii) Leases which are short-term.

Assets given on lease are classified either as operating lease or as finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Company's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. The Company recognises lease payments in case of assets given on operating leases as income on a straight-line basis. The Company presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

### **2.21 Income Tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in such case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to off set current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

### **2.22 New standards and interpretations not yet adopted**

There is no such notification which would have been applicable from April 01, 2020.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

## 3 Property, Plant &amp; Equipments

## Cost

Particulars	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
<b>Balance as at March 31, 2018</b>	4.10	1.45	81.20	9.51	15.45	111.71
Additions	-	-	-	0.03	0.24	0.27
Disposal / Adjustments	3.88	-	40.81	-	-	44.69
<b>Balance as at March 31, 2019</b>	0.22	1.45	40.39	9.54	15.69	67.29
Additions	-	-	0.02	0.01	-	0.03
Disposal / Adjustments	-	-	20.09	-	-	20.09
<b>Balance as at March 31, 2020</b>	0.22	1.45	20.32	9.55	15.69	47.23

## Accumulated Depreciation

Particulars	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
<b>Balance as at March 31, 2018</b>	-	0.40	60.82	9.03	13.19	83.44
Depreciation / Amortization	-	0.03	4.31	0.33	0.57	5.24
Disposal / Adjustments	-	-	33.69	-	-	33.69
<b>Balance as at March 31, 2019</b>	-	0.43	31.44	9.36	13.76	54.99
Depreciation / Amortization	-	0.02	1.38	0.03	0.52	1.95
Disposal / Adjustments	-	-	16.94	-	-	16.94
<b>Balance as at March 31, 2020</b>	-	0.45	15.88	9.39	14.28	40.00

## Carrying Amount

Particulars	As at March 31, 2020	As at March 31, 2019
Land- Freehold	0.22	0.22
Buildings	1.00	1.02
Plant & Equipments	4.44	8.95
Furniture & Fixtures	0.16	0.18
Vehicles	1.41	1.93
<b>Total</b>	<b>7.23</b>	<b>12.30</b>

## 3.1 Right of use assets

## Gross Block

	Right of use assets	Total
<b>Balance as at April 01, 2018</b>	-	-
Additions	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	-	-
Additions	0.16	0.16
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2020</b>	<b>0.16</b>	<b>0.16</b>

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

**Accumulated Depreciation**

	Right of use assets	Total
<b>Balance as at April 01, 2018</b>	-	-
Depreciations	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	-	-
Depreciations	0.08	0.08
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2020</b>	0.08	0.08
<b>Net carrying amount as at March 31, 2020</b>	<b>0.08</b>	<b>0.08</b>

**3.2 Investment Property**

**Cost**

Particulars	Buildings	Total
<b>Balance as at March 31, 2018</b>	<b>6.63</b>	<b>6.63</b>
Additions	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	<b>6.63</b>	<b>6.63</b>
Additions	-	-
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2020</b>	<b>6.63</b>	<b>6.63</b>

**Accumulated Depreciation**

Particulars	Building	Total
<b>Balance as at March 31, 2018</b>	<b>0.91</b>	<b>0.91</b>
Depreciations	0.10	0.10
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2019</b>	<b>1.01</b>	<b>1.01</b>
Depreciations	0.11	0.11
Disposal / Adjustments	-	-
<b>Balance as at March 31, 2020</b>	<b>1.12</b>	<b>1.12</b>

**Carrying Amount**

Particulars	As at March 31, 2020	As at March 31, 2019
Buildings	5.51	5.62
<b>Total</b>	<b>5.51</b>	<b>5.62</b>

**Amount recognised in profit or loss for Investment Properties**

Particulars	As at 31-Mar-2020	As at 31-Mar-2019
1 Rental Income	1.40	1.25
2 Direct operating expenses from property that generate rental income.	0.07	0.07
3 Direct operating expenses from property that did not generate rental income.	0.14	0.15

4 There are no restrictions on the realisability of investment property.

5 The Parent company is using same life for the same class of asset as applicable for property plant and equipment.

**Fair Value**

1 Investment property - Office Premises, the market value has not been ascertained.

2 The range of estimates within which fair value is highly likely to lie- Rs 40.06 crores ( Rs 40.06 crores for March 31, 2019)

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

## 3.4 Other Intangible Assets

## Cost

Particulars	Concessionaire Right	Total
<b>Balance as at March 31, 2018</b>	569.56	569.56
Additions	-	-
Disposal / Adjustements	-	-
<b>Balance as at March 31, 2019</b>	569.56	569.56
Additions	-	-
Disposal / Adjustements	-	-
<b>Balance as at March 31, 2020</b>	569.56	569.56

## Accumulated Depreciation

Particulars	Concessionaire Right	Total
<b>Balance as at March 31, 2018</b>	157.41	157.41
Depreciation / Amortization	34.74	34.74
Disposal / Adjustements	-	-
<b>Balance as at March 31, 2019</b>	192.14	192.14
Depreciation / Amortization	34.74	34.74
Disposal / Adjustements	-	-
<b>Balance as at March 31, 2020</b>	226.88	226.88

## Carrying Amount

Particulars	As at March 31, 2020	As at March 31, 2019
Concessionaire Right	342.66	377.40
<b>Total</b>	<b>342.66</b>	<b>377.40</b>

## 3.5 Intangible Assets under development

## At Cost

Particulars	Concessionaire Right	Total
<b>Balance as at March 31, 2018</b>	184.91	184.91
Additions	3.09	3.09
Capitalisation	-	-
<b>Balance as at March 31, 2019</b>	188.00	188.00
Additions	3.30	3.30
Capitalisation	-	-
<b>Balance as at March 31, 2020</b>	191.30	191.30

Particulars	As at March 31, 2020	As at March 31, 2019
Concessionaire Right	191.30	188.00
<b>Total</b>	<b>191.30</b>	<b>188.00</b>



**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020**

(₹ in Crores)

**4 Investments**

(Rupees in Crores)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
<b>Unquoted &amp; Fully Paid Equity Instruments</b>				
<b>In Associate Companies - At Cost</b>				
Valecha Reality Ltd (Face Value ₹10/- each)	24,950	0.02	24,950	0.02
Aryavrat Tollways Pvt. Ltd. - Voting Shares (Face Value ₹10/- each)	4,900	-	4,900	-
Aryavrat Tollways Pvt. Ltd. - Non-Voting Shares (Face Value ₹ 10/- each)	44,100	0.04	44,100	0.04
		<b>0.07</b>		<b>0.07</b>
<b>In Others (at FVTOCI)</b>				
The Saraswat Co-op. Bank Ltd. (Face Value ₹10/- each)	2,500	-	2,500	-
The Janakalyan Sahakari Bank Ltd. (Face Value ₹10/- each)	50,000	0.05	50,000	0.05
The Janta Sahakari Bank Ltd (Face Value ₹10/- each)	100	-	100	-
Valecha Chambers Condominium (Face Value ₹ 100/- each)	37	-	37	-
Varun Cements Ltd. (Face Value ₹ 10/- each)	42,800	-	42,800	0.02
		<b>0.05</b>		<b>0.08</b>
<b>Total</b>		<b>0.12</b>		<b>0.15</b>
Aggregate amount of unquoted investments		<b>0.12</b>		<b>0.15</b>

Particulars	As at March 31, 2020	As at March 31, 2019
<b>5 Other Non Current Financial Assets</b>		
Unsecured, Considered good unless otherwise stated		
Security Deposits	0.10	0.07
Retention	38.53	29.21
Others	2.89	2.88
<b>Total</b>	<b>41.52</b>	<b>32.16</b>
<b>6 Other Non Current Assets</b>		
Balances with Government Authorities	22.77	18.66
Deposits	0.01	0.01
<b>Total</b>	<b>22.78</b>	<b>18.67</b>
<b>7 Inventories</b> <b>(As taken, valued &amp; certified by Management)</b>		
Raw Materials	0.51	1.23
<b>Total</b>	<b>0.51</b>	<b>1.23</b>
<b>8 Trade Receivables*</b>		
<b>Unsecured</b>		
Considered Good	224.76	301.66
Considered Doubtful	-	-
	224.76	301.66
Less: Allowance for doubtful trade receivables	-	-
<b>Total</b>	<b>224.76</b>	<b>301.66</b>

\* Refer note no. 42.2 for credit risk

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

Particulars	As at		As at		
	March 31, 2020		March 31, 2019		
<b>9 Cash and Cash Equivalents</b>					
Cash on Hand		0.17		0.26	
Balances with Banks				-	
- In Current Accounts		23.96		19.33	
<b>Total</b>		<b>24.13</b>		<b>19.59</b>	
<b>10 Other Bank Balances</b>					
Earmarked Balances with Banks					
- Unpaid Dividend Accounts		0.06		0.09	
- Margin Money Deposit		4.59		4.88	
<b>Total</b>		<b>4.65</b>		<b>4.97</b>	
<b>11 Loans</b>					
Unsecured, considered good unless otherwise stated					
Loans to Subsidiary Companies		-		0.02	
Loans to Related Parties		42.34		39.33	
Loans and Advances to Employees		1.38		1.27	
Other Loans and advances		161.31		178.10	
Advance To suppliers		41.98		50.97	
<b>Total</b>		<b>247.01</b>		<b>269.69</b>	
<b>12 Other Financial Assets</b>					
Advance Recoverable		0.44		0.42	
Others		4.07		2.78	
<b>Total</b>		<b>4.51</b>		<b>3.20</b>	
<b>13 Other Current Assets</b>					
Balance with Government Authorities		33.78		34.43	
Unbilled Revenue		24.95		-	
Others		1.25		1.75	
<b>Total</b>		<b>59.98</b>		<b>36.18</b>	
	<b>Particulars</b>	<b>As at 31st March, 2020</b>		<b>As at 31st March, 2019</b>	
		<b>No. of shares</b>	<b>Amount</b>	<b>No. of shares</b>	<b>Amount</b>
<b>14 Share Capital</b>					
<b>Authorised:</b>					
Equity Shares of Rs. 10/- each		35,000,000	35.00	35,000,000	35.00
<b>Issued, Subscribed &amp; paid up:</b>					
Equity Shares of Rs. 10/- each		22,530,025	22.53	22,530,025	22.53
<b>14.1 Reconciliations of the number of equity shares and amount outstanding at beginning and end of the year</b>					
	<b>Particulars</b>	<b>As at 31st March, 2020</b>		<b>As at 31st March, 2019</b>	
		<b>No. of shares</b>	<b>Amount</b>	<b>No. of shares</b>	<b>Amount</b>
Balance at beginning of the year		22,530,025	22.53	22,530,025	22.53
Add: Changes in Equity Share Capital		-	-	-	-
Balance at the end of the year		22,530,025	22.53	22,530,025	22.53

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020**

(₹ in Crores)

**14.2 Right, Preferences and restrictions attached to shares :**

The Company has only one class of Equity Shares having a par value of ₹10/- per share. Each share holder is entitle for one vote per share. In the event of liquidation, the equity share holders are entitle to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their share holding.

**14.3 Details of shares held by each shareholders holding more than 5% shares**

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	%	No. of shares	%
Valecha Investment Pvt. Ltd.	4,003,745	17.77	4,003,745	17.77
Suman Aggarwal	2,928,504	13.00	2,928,504	13.00
Hypnos Fund Limited	2,000,000	8.88	2,000,000	8.88

**15 Other Equity**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>15.1 Securities Premium Account</b>	121.12	121.12
<b>15.2 General Reserve</b>	43.90	43.90
<b>15.3 Retained Earnings</b>	(770.92)	(667.36)
<b>15.4 Compulsory Convertible Debentures (CCD) (Unsecured)</b>	18.31	18.31
<i>1,31,10,000 Unsecured Compulsory Convertible Debentures Rs. 10 each issued on 23.12.2010 to be converted any time between period of 5 to 10 years from the Commercial Operations Date</i>		
<i>52,00,000 Unsecured Compulsory Convertible Debentures issued on 04.10.2012 to be converted after 10 years from the date of issue.</i>		
<b>15.5 Other Comprehensive Income</b>	(1.93)	(3.66)
<b>Total</b>	<b>(589.52)</b>	<b>(487.69)</b>

**Nature of Reserves**
**(i) Securities Premium Account**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

**(ii) General Reserve**

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to statement of profit and loss.

**(iii) OCI - Fair Value of Financial Instrument**

The company recognised resultant impact of fair valuation on financial assets and liabilities.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>16 Non Current Borrowings</b>		
<b>Secured</b>		
<b>Term Loans :</b>		
From Banks	38.84	356.73
<b>Unsecured</b>		
Related Parties	24.16	27.08
Others	3.00	-
<b>Total</b>	<b>66.00</b>	<b>383.81</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

<b>16.1 Term of Repayment &amp; Security details of Borrowings</b>					
	Repayment tenure & Security nature	Last installment Date	Rate of Interest	Amount Outstanding as at	
				March 31, 2020	March 31, 2019
<b>16.1.a Valecha Engineering Limited</b>					
1	Repayable in 9 quarterly installments, secured by first & exclusive charge on the project receivables for EPC from Surat Municipal Corporation for the three projects with the exclusive & first charge over Escrow A/c & project specific Current Assets.	Mar-16	11.70%	49.02	49.02
2	Corporate Loan Repayable in 10 Quarterly Instalments, secured by exclusive charge on the specific immovable property along with the subservient charge on movable fixed assets & current assets.	Dec-16	13.10%	15.56	15.56
3	Term Loan Repayable in 6 quarterly installments is secured by first & exclusive charge on the project receivables for EPC from Rapti Nhar Nirman Mandal-II Irrigation Depart, Basti, Uttar Pradesh with the exclusive and first charge over Escrow Account and project specific Current Assets.	Aug-17	12.25%	77.87	77.87
4	Repayable in 18 quarterly installments, secured by first & exclusive charge on the specific immovable property & JSL & VIL Shares	Sep-20	12.15%	8.56	8.56
5	Repayable in 60 monthly installments, secured by exclusive charge on the specific Machineries	Sep-20	14.00%	27.80	27.12
6	Repayable in 36 monthly installments, secured by exclusive charge on the specific Machineries	Sep-18	14.00%	-	3.31
<b>16.1.b Valecha Infrastructure Limited</b>					
7	Repayable in 18 quarterly installments, secured by pledge of shares and immovable property.	Sep-20	11.50%	44.45	38.58
8	Repayable in 18 quarterly installments, secured by pledge of shares and immovable property.	Sep-21	11.50%	43.11	36.99
	Repayment tenure & Security nature	Last installment Date	Rate of Interest	Amount Outstanding as at	
				March 31, 2020	March 31, 2019
<b>16.1.c Valecha LM Toll Pvt Limited</b>					
9	Repayable in 44 unequal quarterly installments, secured by first mortgage charge over the properties and assets along with assignment of all the revenues of the borrower from the project along with other securities	Nov-29	11.55%	248.21	219.36
<b>16.1.d Valecha Badwani Sendhwa Tollways Limited</b>					
10	Repayable in 47 unequal quarterly installments, secured by first charge over the properties and assets along with assignment of all the revenues of the borrower from the project along with other securities	May-29	11.40%	45.57	49.58
<b>16.1.e Valecha Kachchh Toll Roads Limited</b>					
11	Repayable in 39 structured quarterly installments, secured by first charge over the properties and assets along with assignment of all the revenues of the borrower from the project along with other securities	Mar-27	16.10%	413.37	350.89
12	Repayable in 39 structured quarterly installments, secured by first charge over the properties and assets along with assignment of all the revenues of the borrower from the project along with other securities	Mar-27	11.40%	257.46	230.31

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020**

(₹ in Crores)

**16.2 The Company has defaulted in repayment of loans and interest in respect of the following**

	Particulars	Period of Default	Amount of default (As at March 31, 2020)		
			Principal	Interest	Total
<b>16.2.a</b>	<b>Valecha Engineering Limited</b>				
	<b>Term Loan</b>				
	Central Bank of India	1644 Days	35.98	13.04	49.02
	Syndicate Bank	1551 Days	58.16	19.71	77.87
	Yes Bank	1033 Days	6.90	1.65	8.55
	State Bank of India	1460 Days	12.08	3.47	15.55
	<b>Term Loan from Others</b>				
	SREI Equipment Finance Ltd	1095 Days	17.53	10.28	27.81
	<b>Fixed Deposits from Public</b>	2038 Days	28.15	2.58	30.73
	<b>Total (a)</b>		<b>158.80</b>	<b>50.74</b>	<b>209.54</b>
<b>16.2.b</b>	<b>Valecha Infrastructure Limited</b>				
	<b>Term Loan</b>				
	Yes Bank	761 Days	66.57	21.00	87.57
	<b>Total (b)</b>		66.57	21.00	87.57
<b>16.2.c</b>	<b>Valecha Kachchh Toll Roads Ltd.</b>				
	<b>Term Loan</b>				
	Canara Bank	1399 Days	213.33	200.04	413.37
	Indian Overseas Bank	1399 Days	161.99	95.47	257.46
	<b>Total (c)</b>		375.32	295.51	670.83
<b>16.2.d</b>	<b>Valecha LM Toll Pvt. Ltd.</b>				
	<b>Term Loan</b>				
	State Bank of India	1216 Days	96.03	32.32	128.35
	Axis Bank Ltd	1216 Days	75.94	43.92	119.86
	<b>Total (d)</b>		171.97	76.24	248.21
	<b>Total (a+b+c+d)</b>		<b>772.66</b>	<b>443.49</b>	<b>1,216.15</b>

	Particulars	As at March 31, 2020	As at March 31, 2019
<b>17</b>	<b>Other Financial Liabilities</b>		
	Non Current Liabilities - Trade	56.09	42.67
	Non Current Liabilities - Others	3.10	8.98
	<b>Total</b>	<b>59.19</b>	<b>51.65</b>
<b>18</b>	<b>Deffered Tax Liabilities (Net)</b>		
	<b>Deffered Tax Liabilities</b>		
	Differences in WDV in Block of Fixed Assets as per Tax Books and Financial Books	3.77	3.77
	<b>Deffered Tax Assets</b>		
	Carry Forward Losses as per the Income Tax Act 1961 (Recognised to the extent of Deffered tax liabilities)	-	-
	<b>Deffered Tax Liabilities (Net)</b>	<b>3.77</b>	<b>3.77</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

	Particulars	As at	As at
		March 31, 2020	March 31, 2019
<b>19</b>	<b>Other Non-Current Liabilities</b>		
	Provision for contractual obligations	34.64	30.98
	<b>Total</b>	<b>34.64</b>	<b>30.98</b>
<b>20</b>	<b>Borrowings</b>		
	<b>From Banks - Secured :</b>		
	Working Capital Loans - Cash Credit Limits	246.49	248.98
	Short Term Facilities	429.16	53.84
	<b>From Others - Unsecured :</b>		
	Other Short Term Loans	17.43	17.40
	<b>Related Parties</b>	35.98	50.58
	<b>Total</b>	<b>729.06</b>	<b>370.80</b>

**Note :** Secured by**Primary Security:** Pari passu charge on stock and outstanding book debts of the company**Collateral Security:** EM on office premises at 4th Floor and part of 3rd floor of Valecha chambers, New Link Road, Oshiwara, Andheri West.

Pari passu charge on entire plant and machinery of the company

Personal guarantees of Mr. J K Valecha, Mr. D H Valecha and Mr. U H Valecha

**The Company has defaulted in repayment of working capital facilities in respect of the following :**

Particulars	Period of Default	Amount of Default (As at March 31, 2020)		
		Principal	Interest	Total
<b>Valecha Engineering Limited</b>				
<b>Working Capital Facilities</b>				
State Bank of India	1097 Days	194.04	44.48	238.52
Axis Bank Ltd	1106 Days	71.65	22.96	94.61
Canara Bank	1266 Days	21.40	1.93	23.33
Lakshmi Vilas Bank	456 Days	30.29	0.00	30.29
<b>Total</b>		<b>317.38</b>	<b>69.37</b>	<b>386.75</b>

Working capital loans are secured by hypothecation of book debts, current assets, unencumbered plant &amp; machinery and specific immovable properties as per the sanction terms.

Short Term Facilities from Banks are secured against the securities offered under the working capital loans.

	Particulars	As at	As at
		March 31, 2020	March 31, 2019
<b>21</b>	<b>Trade Payables</b>		
	Dues of Micro and Small Enterprises	2.69	2.69
	Others	118.55	154.41
	<b>Total</b>	<b>121.24</b>	<b>157.10</b>
<b>21.1</b>	<b>The details of amounts outstanding to Micro and Small Enterprises based on information available with the Company is as under :</b>		
	a. Principal amount remaining unpaid	2.69	2.69
	b. Interest due thereon remaining unpaid	0.73	0.73
	c. Interest paid	-	-
	d. Payment made beyond the appointed day during the year	-	-
	e. Interest due and payable for the period of delay	-	-
	f. Interest accrued and remaining unpaid	-	-
	g. Amount of further interest remaining due and payable in succeeding years	-	-
	<b>Total</b>	<b>3.42</b>	<b>3.42</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

- 21.2 The Parent Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act, have not been given subject to amount mentioned in above table.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>22 Other Financial Liabilities</b>		
Current maturities of Long Term Borrowings (Refer Note 16.1 & 16.2)	375.92	657.13
Current Maturities of Fixed Deposits (Refer Note 16.2.a)	30.73	30.74
Current Maturities of lease liabilities	0.09	-
Interest Accrued and Due on Borrowings (Refer Note 16.1 & 20)	514.11	165.87
Unclaimed Dividends	0.05	0.09
Retention from Sub-contractors	-	0.10
Others	0.19	0.08
<b>Total</b>	<b>921.09</b>	<b>854.01</b>
<b>23 Other Current Liabilities</b>		
Statutory Dues	6.22	10.34
Others	11.72	30.26
<b>Total</b>	<b>17.94</b>	<b>40.60</b>
<b>24 Provisions</b>		
Provision for Employee Benefits		
Bonus	0.10	0.10
Gratuity	1.70	1.19
<b>Total</b>	<b>1.80</b>	<b>1.29</b>
Particulars	Year Ended Mar 31, 2020	Year Ended March 31, 2019
<b>25 Revenue from Operations</b>		
Income from Contract and Services	198.76	165.33
Revenue from Toll collection and Annuity	41.60	44.39
<b>Total</b>	<b>240.36</b>	<b>209.72</b>
<b>26 Other Income</b>		
Interest on Fixed Deposits	1.67	2.43
Interest from Others	2.09	2.36
Lease Rental Income	1.40	1.25
Sundry balances written back (Refer note no.54)	0.68	9.74
Miscellaneous Income	0.11	1.89
<b>Total</b>	<b>5.95</b>	<b>17.67</b>
<b>27 Construction Expenses</b>		
Materials Purchase	11.07	14.00
Sub-Contracting Expenses	171.96	129.94
Power and Fuel	1.69	2.04
Repairs, Rent & Maintenances to Plant & Machineries and Vehicles	1.51	1.25
Site Expenses	9.58	12.73
<b>Total</b>	<b>195.81</b>	<b>159.96</b>

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

	Particulars	Year Ended Mar 31, 2020	Year Ended March 31, 2019
<b>28</b>	<b>Changes in Inventories</b>		
	Opening Stock	1.23	15.19
	Less: Closing Stock	0.51	1.23
	<b>Total</b>	<b>0.72</b>	<b>13.96</b>
<b>29</b>	<b>Employee Benefits Expenses</b>		
	Salaries, Wages, and Bonus	6.91	8.78
	Contribution to Provident Fund, Gratuity and other funds	2.45	1.22
	Welfare Expenses	0.11	0.13
	<b>Total</b>	<b>9.47</b>	<b>10.13</b>
<b>30</b>	<b>Finance Cost</b>		
	<b>Interest Expenses</b>		
	-Banks	141.14	124.72
	-Others Parties	0.86	0.68
	Interest cost on Security deposits	0.06	0.16
	Loan Processing Fees	-	0.59
	Interest Component of Lease Liability	0.01	-
	<b>Total</b>	<b>142.07</b>	<b>126.15</b>
<b>31</b>	<b>Other Expenses</b>		
	Rent, Rates and taxes	0.28	0.26
	Rent and Hire Charges	0.10	0.09
	Printing and stationery	0.06	0.05
	Telephone and Postage	0.09	0.09
	Traveling and conveyance	0.42	0.35
	Business promotion	0.05	0.08
	Electricity charges	0.39	0.43
	Professional Fees	2.83	1.74
	Office Maintenance	0.23	0.28
	Repairs and Maintenance	4.01	3.78
	Toll Operator Fees	0.36	0.26
	MMR Provision	5.41	8.45
	Toll Collection System - Amc	0.09	0.08
	MPRDC Premium	1.52	1.42
	Bank charges	0.39	0.28
	Payments to Auditor	0.19	0.23
	Loss on sale of assets	-	0.80
	Provision for Doubtful Debts	0.17	-
	Sundry balances written off	0.10	4.77
	Impairment/ discard of Plant and Machineries	0.50	3.58
	Miscellaneous expenses	0.67	0.36
	<b>Total</b>	<b>17.86</b>	<b>27.38</b>
<b>31.1</b>	<b>Auditors Remunerations</b>		
	Audit Fees	0.18	0.21
	Certification and Other Services including Service Tax and Goods and Service Tax	0.01	0.02
	<b>Total</b>	<b>0.19</b>	<b>0.23</b>



## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

**32 Earnings per Share**

Particulars	2019-20	2018-19
Profit attributable to Equity Shareholders (Rs. in crores)	(156.50)	(150.26)
Weighted average Number of shares for Basic EPS (Numbers)	22,530,025	22,530,025
Weighted average Number of shares for Diluted EPS (Numbers)	22,530,025	22,530,025
Face Value of each Equity Share (in Rs.)	10.00	10.00
Basic & Diluted earning per Share (in Rs.)	(69.46)	(66.69)

**33 Contingent Liabilities**

Contingent Liabilities are not provided for and are as below :

Particulars	2019-20	2018-19
1 Outstanding Letter of Credits / Bank Guarantee	71.84	76.46
2 Dispute with Suppliers	3.01	4.61
3 Late payment and over limit charges on credit card dues	5.89	5.89

**34 Segment Reporting**

The Group operates in a single reportable segment i.e. Construction Activity, which have similar risks and returns for the purpose of Ind AS 108 on 'Operating segments'.

The Group operates in a single geographical segment i.e. domestic.

**35 CSR Expenditure**

Corporate Social Responsibility (CSR) - In view of losses during the year, expenditure on CSR is not applicable for current financial year. In Previous year, expenditure on CSR was not applicable in view of losses.

**36 Related Party Disclosures**

Disclosure as required by the Indian Accounting Standard (Ind AS)24 " Related Party Disclosures " are given below :

**List of Related Parties with whom transactions have taken place**

Relationship	Name of Related Parties
<b>Associate Companies</b>	Valecha Reality Ltd. Bhubaneshwar Express Ways Pvt. Ltd. (Up to 31-12-2018) Aryavrat Tollways Pvt. Ltd.
<b>Enterprises where KMPs have significant influence</b>	Gopaldas Vasudev Construction Pvt. Ltd. Valecha Power Ltd. Valecha Gulf Contracting & Foundations L.L.C (Up to 29-09-2018) Juhu Beach Real Estate Pvt Ltd (Up to 29-09-2018) Valecha Investment Private Limited
<b>Joint Ventures</b>	Valecha - ECCI (JV) Valecha - SGCL (JV) Valecha - Transtonnelstroy (JV) Valecha - VKJ (JV) Valecha - SDPL JV Bitcon-VUBEPL-GCC-Valecha (JV) Valecha Shraddha (JV)) Valecha Atcon (JV) Valecha - Matere (JV)

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

**Key Management Personnel (KMP)**

Chairman (Upto 19-11-2019)	Arvind Thakkar
Vice-Chairman-cum Managing Director (Upto 10-03-2019) Vice-Chairman and Director (w.e.f. 11-03-2019 to 19-11-2019)	Jagdish K. Valecha
Whole Time Director (Up to 29-09-2018)	Dinesh H. Valecha
Independent Director (Up to 10-10-2019)	Ketan Gandhi
Non-Executive Director (Upto 19-11-2019)	Sonal Jitiya
Independent Director (w.e.f. 14-11-2019)	S N Kavi
Independent Director (w.e.f. 14-11-2019)	Tejas Deshpande
Independent Director (w.e.f. 28-03-2019)	Lalna Takekar
Executive Director (Up to 26-06-2018) Chief Executive Officer (w.e.f. 30-07-2019)	Tarun Dutta
Company Secretary & Legal	Vijay Kumar H. Modi
Chief Financial Officer	Anil S. Korpe

**Relatives of Key Management Personnel**

Karan Jagdish Valecha

Note: Related party relationship is as identified by the Group and relied upon by the Auditor.

**37 Details of Transactions with Related Parties****i. Transactions with Associate Companies / Enterprises over which KMPs having significant influence**

	Particulars	2019-20	2018-19
a.	Deposit / Loans / Repayment received during the year	4.09	4.02
b.	Deposit / Loans given / Repaid during the year	10.03	1.11
e.	Outstanding Balance - Amount Payable	24.15	27.08
f.	Outstanding Balance - Amount Receivable	6.57	3.56
g.	Sale of Investment	-	26.88

**ii. Transactions with Joint Ventures**

	Particulars	2019-20	2018-19
a.	Sales	61.58	33.54
b.	Outstanding Balance - Amount Receivables	8.90	45.95

**iii. Transactions with Key Management Personnel (KMP)**

	Particulars	2019-20	2018-19
	Remuneration paid during the year	0.85	1.43
	Sitting Fees	0.08	0.02

**iv. Transactions with relatives of Key Management Personnel (KMP)**

	Particulars	2019-20	2018-19
	Remuneration paid during the year	0.25	0.25

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020**

(₹ in Crores)

**38 The List of subsidiary companies and associate company included in the Consolidated Financial Statements are as under**

No.	Particulars	Country of incorporation	Proportion of ownership interest & voting power as at	
			31-Mar-20	31-Mar-19
<b>Subsidiary Company</b>				
1	Valecha Infrastructure Limited	India	100%	100%
2	Valecha International (FZE)	UAE	100%	100%
3	Professional Realtors Private Limited	India	100%	100%
4	Valecha LM Toll Private Limited	India	74%	74%
5	Valecha Badwani Sendhawa Tollways Limited	India	74%	74%
6	Valecha Kachchh Toll Roads Limited	India	58%	58%
<b>Associate Company</b>				
1	Valecha Reality Ltd.	India	49.90%	49.90%

Note: The Holding Company did not consolidate one of its Associate Company "Aryavrat Tollways Private Limited" due to non availability of financial statements of the Associate Company.

The Holding Company has formed nine joint ventures (JV) with various parties. The Company do not have any interest in the profit/loss, Assets and Liabilities of such JV thus the requirement of consolidation do not arise. Company's revenue from projects under such JV are duly recognised in the Standalone and Consolidated Financial Statements.

**Disclosure required by schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186(4) of the Companies Act, 2013**

Loans Given to Associate Companies / Enterprises over which KMPs having significant influence	2019-20		2018-19	
	As at year end	Maximum balance during year	As at year end	Maximum balance during year
Valecha Investment Pvt. Ltd.	6.28	6.28	3.28	7.28
Valecha Power Ltd.	0.01	0.01	0.00	0.02
Valecha Reality Ltd.	0.28	0.28	0.28	0.28
<b>Total</b>	<b>6.57</b>	<b>6.57</b>	<b>3.56</b>	<b>7.57</b>

**39 Employee Benefits**

As per IND AS 19 "Employee Benefits", the disclosures of Employee benefits as defined in the said Accounting Standards are given below :

**A. Defined Contribution Plan**

Contribution to Defined Contribution Plan includes Provident Fund. The expenses recognised for the year are as under :

Particulars	2019-20	2018-19
Employer's Contribution to Provident Fund	0.23	0.24
Employer's Contribution to Employee's state Insurance	0.05	0.01
Employer's Contribution to Pension Fund	0.07	0.10

**B. Defined Benefit Plan**
**Gratuity:**

In accordance with the payment of Gratuity Act 1972 the Group provides for gratuity covering eligible employees. The liability on account of gratuity is covered partially through a recognized Gratuity Fund managed by Life Insurance Corporation of India (LIC) and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end.

**Major category of plan assets**

The group has taken plans from Life Insurance Corporation of India.

## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

The following tables set out the funded status of the gratuity plans and the amounts recognised in the consolidated financial statements as at 31 March 2020 and 31 March 2019.

	Particulars	2019-20	2018-19
<b>i</b>	<b>Changes in present value of obligations</b>		
	Present value of obligations as at the beginning of year	1.32	1.61
	Interest cost	0.10	0.13
	Current Service Cost	0.05	0.06
	Past Service Cost	-	-
	Benefits Paid	(0.44)	(0.33)
	Actuarial gain on obligations	(0.03)	(0.15)
	Present value of obligations as at the end of year	1.00	1.32
	Particulars	2019-20	2018-19
<b>ii</b>	<b>Changes in the fair value of plan assets</b>		
	Fair value of plan assets at the beginning of year	0.13	0.34
	Expected return on plan assets	0.01	0.03
	Contributions	0.31	0.08
	Benefits paid	0.05	(0.33)
	Actuarial gain on Plan assets	(0.00)	0.00
	Fair value of plan assets at the end of year	0.49	0.13
<b>iii</b>	<b>Change in the present value of the defined benefit obligation and fair value of plan assets</b>		
	Present value of obligations as at the end of the year	(1.00)	(1.32)
	Fair value of plan assets as at the end of the year	0.49	0.13
	Net (liability) / asset recognized in balance sheet	(0.51)	(1.19)
	<b>Amount recognised in the statement of profit and loss under employee benefit expenses.</b>		
	Particulars	2019-20	2018-19
	<b>Expenses Recognised in statement of Profit &amp; Loss</b>		
	Current Service cost	0.05	0.06
	Interest Cost	0.09	0.10
	Expected return on plan assets	-	-
	Net Actuarial gain recognised in the year	-	-
	Expenses recognised in statement of Profit & Loss Account	0.14	0.16
	<b>Amount recognised in the statement of other comprehensive income (OCI).</b>		
	Particulars	2019-20	2018-19
	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial (gain)/losses on obligation for the year	(0.03)	(0.15)
	Return on Plan Asset, excluding Interest Income	0.00	(0.00)
	Change in Asset ceiling	-	-
	Net (Income)/Expense for the period recognized in OCI	(0.03)	(0.15)

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

(₹ in Crores)

**Principal actuarial assumptions at the Balance Sheet date**

Particulars	2019-20	2018-19
Expected Return on Plan Assets	6.84%	7.76%
Rate of discounting	6.84%	7.76%
Rate of Salary Increase	8.00%	6.00%
Rate of employee turnover	3.00%	3.00%
Mortality Rate during employment	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Mortality Rate after employment	N.A.	N.A.

**40 Deferred taxes not recognised**

In absence of resonable certainty, the Group has not recognised Deferred Tax Assets to the extent mentioned below in the table.

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets in relation to :		
Carried Forward Losses	28.72	25.94
Property, plant and equipment/Investment Property/Other Intangible Assets	2.06	0.11
<b>Total</b>	<b>30.78</b>	<b>26.05</b>

**41 Capital management**

**Risk Management**

The objectives when managing capital are to safeguard the ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The management sets the amounts of capital required in proportion to risk. The Group manages its capital structure and adjusts it in light of changes in economic conditions and risk characteristics of the underlying assets.

The Company monitors capital using a gearing ratio being a ratio of net debt as a percentage of total capital.

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowing	1,715.82	1,608.35
Total equity	(776.18)	(621.39)
<b>Total Capital (Borrowing and Equity)</b>	<b>939.64</b>	<b>986.96</b>
Gearing Ratio	(2.21)	(2.59)

(i) Borrowings represents total borrowings (non-current & current).

(ii) Equity comprises of all components including other comprehensive income.

During the year, the Group's strategy was to monitor and manage the use of funds whilst developing business strategies.

The Group is not subject to any externally imposed capital requirements.

**42 Financial Risk Management**

A wide range of risks may affect the Group's business and financial results. Amongst other risks that could have significant influence on the Group are market risk, credit risk and liquidity risk.

The Board of Directors of the Group manage and review the affairs of the Group by setting up short term and long-term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.

**42.1 Market risk**

The Group is primarily exposed to the following market risks.

**42.1.1 Foreign Currency risk management** - The Group does not have any foreign currency risk.

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020**

(₹ in Crores)

**42.1.2 Interest rate risk management**

Out of total borrowings, large portion represents current borrowings and all the borrowings are with fixed interest rate. And accordingly the Company is not exposed to interest rate risk. However, the Company continuously monitoring over all factors influence rating and also factors which influential the determination of the interest rates by the banks to minimize the interest rate risks.

**42.1.3 Price Risk**

The company is constantly exposed to market inflation risk. The price of direct cost and overhead projected before execution of project are substainally increased till the completion of project. However company is eligible to claim price escalation amount from the client as per the terms and condition mentioned in tender document which varies for tender to tender.

**42.2 Credit management**

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from clients and cash. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The Group has a low credit risk in respect of its trade receivables, its major customers being autonomous agencies of Government and Public Sector Undertakings. However, as Group grows its customer base, it will experience an increased credit risk environment. The Group is also exposed to credit risk in respect of its cash and seeks to minimise this risk by holding funds on deposit with major financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 546.58 crores (₹ 580.29 crores for March 31, 2019), being the total of the carrying amount of the balances with banks, bank deposits, investments (excluding equity investments), trade receivables, loans given and other financial assets.

**42.3 Liquidity risk management**

Liquidity risk refers to the risk that the Group may not be able to meet its financial obligations timely.

Management monitors rolling forecasts of the Group's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

The table below analyses the maturity profile of the Company's financial liabilities. The following break up is based on the remaining period at the balance sheet date to the contractual maturity date. The liquidity continues to remain under stress. The Company is going through a very tight liquidity situation resulting in sub-optimal level of operations thereby impacting profitability. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	2019-20			2018-19		
	Less than 1 year	Between 1 and 5 years	Total	Less than 1 year	Between 1 and 5 years	Total
a. Borrowings	729.06	66.00	795.05	370.80	383.81	754.61
b. Trade Payables	121.24	-	121.24	105.25	-	105.25
c. Other Financial Liabilities	921.09	59.19	980.28	854.00	51.65	905.65
<b>Total</b>	<b>1,330.05</b>	<b>435.47</b>	<b>1,896.58</b>	<b>1,330.05</b>	<b>435.47</b>	<b>1,765.51</b>

**42.4 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"****42.4.1 Category-wise classification for applicable financial assets:**

Particulars	Note	As at 31-Mar-20	As at 31-Mar-19
<b>Measured at fair value through Other Comprehensive Income (FVTOCI)</b>			
Investment in equity shares	4	0.05	0.08
<b>Measured at amortised cost:</b>			
Security Deposits - Non Current	5	41.52	32.16
Security Deposits - Current	8	65.12	75.46
Loans	11	247.01	269.69
Trade receivables	8	159.64	226.20
<b>Total</b>		<b>513.34</b>	<b>603.59</b>

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020**

(₹ in Crores)

**42.4.2 Category-wise classification for applicable financial liabilities:**

Particulars	Note	As at 31-Mar-20	As at 31-Mar-19
<b>Measured at amortised cost:</b>			
Borrowings - Non current	16	66.00	383.81
Borrowings - Current (Short Term)	20	729.06	370.80
Borrowings - Current maturities of long term borrowings & fixed deposits	22	920.76	853.74
Trade payables	21	105.99	120.22
Retention money from Sub-contractors	21	15.25	36.88
<b>Measured at fair value through Other Comprehensive Income (FVTOCI)</b>		-	-
<b>Total</b>		<b>1,837.06</b>	<b>1,765.45</b>

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**43 Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended 31-3-2020:**

No.	Name of the Company	Net Assets		Share in Profit/ (Loss)		Share in OCI		Share in total comprehensive income	
		As % of consol	Amt.	As % of consol	Amt.	As % of consol	Amt.	As % of consol	Amt.
<b>Parent</b>									
1	Valecha Engineering Limited	-5.6%	31.68	1.6%	(1.66)	100.0%	1.72	-0.1%	0.05
<b>Subsidiaries</b>									
2	Valecha Infrastructure Limited	24.4%	(138.49)	11.7%	(12.13)	0.0%	-	11.9%	(12.13)
3	Valecha International (FZE)	-0.1%	0.31	0.0%	-	0.0%	-	0.0%	-
4	Professional Realtors Pvt. Ltd.	0.0%	(0.24)	0.2%	(0.17)	0.0%	-	0.2%	(0.17)
5	Valecha LM Toll Pvt. Ltd.	16.1%	(91.15)	24.5%	(25.32)	0.0%	-	24.9%	(25.32)
6	Valecha Badwani Sendhawa Tollways Limited	1.1%	(6.04)	4.0%	(4.14)	0.0%	-	4.1%	(4.14)
7	Valecha Kachchh Toll Roads Limited	73.4%	(416.05)	104.2%	(107.86)	0.0%	-	105.9%	(107.86)
<b>Associate</b>									
8	Valecha Reality Limited			0.001%	(0.001)			0.001%	(0.001)
<b>Total</b>		<b>109.3%</b>	<b>(619.98)</b>	<b>146.1%</b>	<b>(151.28)</b>	<b>100.0%</b>	<b>1.72</b>	<b>146.9%</b>	<b>(149.56)</b>
CFS Adjustment and elimination		27.5%	(156.20)	5.1%	(5.23)	0.0%	-	5.1%	(5.23)
Minority		-36.9%	209.19	-51.1%	52.96		-	-52.0%	52.96
<b>Total</b>		<b>100.0%</b>	<b>(566.99)</b>	<b>100.0%</b>	<b>(103.55)</b>	<b>100.0%</b>	<b>1.72</b>	<b>152.0%</b>	<b>(101.83)</b>

- 44** The Holding Company's borrowing facilities with various banks/financial institutions and NBFC's have continued to remain under NPA classification. The Holding 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 Holding Company's liability to pay such interests.

As stated above, since the Holding 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.

**Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020**

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

Further, the Holding 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.

- 45** 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 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 adjudged. 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.
- 46** 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 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 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 of the Company) amounting to Rs. 6.57 crores and to others amounting to Rs. 139.10 crores as at 31st March, 2020 as it expects to recover the same in the time to come and hence has not made any provision for the same.
- 47** The Holding Company has sixteen project sites which have either been de-mobilized or completed or otherwise shut / non-operational. The Holding 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 46 above, balances with revenue authorities of Rs. 7.32 crores referred in point 51 below] and total liabilities of Rs. 42.20 crores as at the year end.
- 48** 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.
- 49** 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.
- 50** 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 Company has reversed the assignment of creditors with its loan receivable and accordingly reinstated such creditors and loan receivable in its books of accounts.
- 51** The Holding Company has Other Current Assets receivable as at March 31, 2020 includes Rs 33.73 crores towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of such amounts.
- 52** Valecha Realty Limited (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.
- 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.
- 53** 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.



## Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2020

- 54** 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)".
- 55** The accumulated losses incurred in the past years have resulted in erosion of Group'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 statements are prepared assuming that it will continue as going concern.
- 56** The Holding Company, during the previous year transferred its title in Investment in Equity Shares of Bhubaneswar Express Ways Private Limited ("BEWPL") to KSS Petron Private Limited (earlier known as "Kazstroy Services Infrastructure (India) Private Limited") ("KSSPPL") in accordance with the terms of Option Agreement entered into between the Holding Company and KSSPPL. In terms of such MOU, KSSPPL had granted a loan of Rs. 26.88 crores and the Holding Company was to invest such amount in Equity shares of BEWPL. KSSPPL retained the right to call notice for such investments made by the Holding Company in equity shares of BEWPL against the loan granted by KSSPPL to the Holding Company. The Holding Company had granted an irrevocable right to KSSPPL to purchase such investments from the Holding Company upon the completion of two years from the Commercial Operation Date of the Project or upon the termination of the Concession Agreement, whichever is earlier by exercising its right to call notice. KSSPPL has during the year exercised its right to such call notice for purchase of investments. The Holding Company had accordingly transferred title to such investments to KSSPPL and had offset the Loan account of KSSPPL with the Cost of Investments in BEWPL. Considering the reciprocal arrangement of loan and investment of like amount, the management had taken a judicial decision to square off the transaction with all intent and purpose in terms of option agreement executed between the parties.
- 57** Effective 1 April 2019, the Group 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 Group 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.
- 58** The outbreak of COVID-19 pandemic had disrupted regular business operations of the Group 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 statements, 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 Group and, accordingly, the actual impact in the future may be different from those presently estimated. The Group will continue to monitor any material change to the future economic conditions and consequential impact on the financial statements.
- 59** 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. During the year Holding Company had already sent the account balance confirmations letters / mails to their Banks, Loans and Advances given and Trade Receivables which are pending to be received. However, the Holding Company do not foresee any material impact on the financial statement of the company except as otherwise stated.
- 60** The previous period's figures have been re-grouped/ re-classified wherever required to conform to current period's classification. All figures of financials has been rounded off to nearest Crores rupees.

In term of our Report attached

**For Bagaria & Co. LLP**

Chartered Accountants  
FRN : 113447W/ W-100019

**Vinay Somani**

*Partner*

Membership No. 143503

Place : Mumbai.

Date : 20th August, 2020

**For and on behalf of the Board**

**Tarun Dutta**

Chief Executive Officer

**Vijay Kumar H. Modi**

Company Secretary & Legal

Membership No. FCS 1831

**S N Kavi**

Director

DIN : 05124904

**Lalna B. Takekar**

Director

DIN : 08111805

**Tejas Deshpande**

Director

DIN : 01942507

**Anil S. Korpe**

Chief Financial Officer





If undelivered, please return to:

**VALECHA ENGINEERING LIMITED**

**Registered Office:**

"Valecha Chambers", 4th Floor, Plot No. B-6, Andheri New Link Road,  
Andheri (West), Mumbai - 400 053.