

Ref: VEL/19-20/087

14th February, 2020

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

Dear Sir,

Sub: Outcome of Board Meeting held on 14th February, 2020

Ref: Our letter VEL/19-20/086 dated 04th February, 2020

Pursuant to Regulation 30 and 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we would like to inform you that the Board of Directors of the Company at their meeting held on **14th February, 2020** have inter alia considered and approved/taken on record the Unaudited Standalone and Consolidated Financial Results of the Company along with the Limited Review Report for the 3rd Quarter ended **31st December, 2019**.

The Board meeting commenced at 03:30 p.m. and concluded at 06:00 p.m.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,
For VALECHA ENGINEERING LIMITED



(VIJAYKUMAR MODI)
Company Secretary & Legal

LIMITED REVIEW REPORT

To

Board of Directors of **Valecha Engineering Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of **Valecha Engineering Limited** ("the Company") for the quarter and nine months ended 31st December 2019 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulations 33 of the SEBI (Listing, Obligations and Disclosure requirements) Regulations, 2015 ('Listing regulations').
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "**Review of Interim Financial Information Performed by the Independent Auditor of the Entity**" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. **Basis for Qualified Conclusion**
 - a. The Company has not evaluated impairment provisions for expected credit losses (ECL) as required under Ind AS 109 "Financial Instruments" towards:
 - Loans & advances aggregating to Rs. 258.59 crores given to its four subsidiaries and one step-down subsidiaries;
 - Investments aggregating to Rs. 41.98 crores in its four subsidiaries and Rs. 0.02 crores in one associate;
 - Corporate Guarantees aggregating to Rs. 1015.98 crores to Banks on behalf of the two subsidiaries and two step-down subsidiaries.

The net-worth of the above referred subsidiaries, the step down subsidiaries and one associate is completely eroded on account of continuing losses incurred in the past.

- b. The Company has not done any fair valuation of 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 and the proposed One Time Settlement plan being pursued by the Management with the Banks, we are unable to comment upon the resultant impact, if any, on the net results for the quarter and nine months ended 31st December, 2019, which may arise:

- On account of impairment provision for expected credit losses as mentioned in point (a) above;
- On account of fair valuation adjustment of referred Corporate guarantees as mentioned in point (b) above;

Further, the Company has also invested Rs. 0.05 crores in one of its Associate Company, financial statements of which are not made available by the Management, in the absence of detailed information and financial statements, we are unable to comment upon the need for impairment provisions, which may be required and the resultant impact on the net results for the quarter and nine months ended 31st December, 2019, if any.

- c. We draw attention to Note No. 5 to the Statement, wherein the Company has not provided for regular interest payable to banks estimated at Rs. 22.30 Crores & Rs. 64.75 Crores for the quarter and nine months ended 31st December, 2019 respectively as it expects certain relief in view of the proposed One Time Settlement plan being pursued by the Management. The Company has also not provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons.

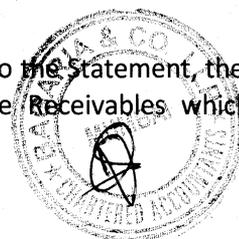
The Company has not provided Interest on its outstanding payments to its Vendors registered under MSME.

The Company has also not provided for interest of Rs. 3.11 crores which may arise towards delayed payment of dues towards tax deducted at source as on 31st December 2019.

Had such provision towards estimated regular interest payable to banks for the quarter and nine months ended 31st December, 2019 and interest on delayed payment of dues towards Tax deducted at Source as on 31st December, 2019 been made in the financial results of quarter ended 31st December, 2019, the Company's net loss after comprehensive income for the quarter and nine months ended 31st December, 2019 would have been Rs. 19.88 crores & Rs. 64.01 crores respectively. In absence of detailed computation of penal interest for default in repayment of Borrowings, interest for default in payment of TDS and interest for delayed payments to vendors registered under MSME we are unable to comment on its resultant impact on the net results for the quarter and nine months ended 31st December, 2019.

- d. We draw attention to Note No. 7 to the Statement, the Company has not repaid fixed deposits from deposit holders (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.73 crores outstanding as at December 31, 2019 as per the contractual terms. Pursuant to the NCLT order dated 03.04.2019, 11.06.2019 and 22.08.2019 and in terms of NCLAT order dated 24.10.2019 the matter has been subjudiced. As per this 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 the nine months ended 31st December, 2019 as per the terms of issue and acceptance of deposits. Further, the Company has also not provided penal interest and fine as may be applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014. Non provision of such interest is not in compliance with Ind AS 23 "Borrowing Cost". In absence of detailed information and computation of such regular interest, penal interest and fine, if any, we are unable to comment upon its resultant impact on the net results for the quarter and nine months ended 31st December, 2019.

- e. We draw attention to Note No. 8 to the Statement, the Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes Rs. 112.40 crores pertaining to



additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities.

The Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates as referred in point (a) above) amounting to Rs. 3.56 crores and to others amounting to Rs. 190.22 crores as at December 31, 2019. In absence of detailed information, third party confirmation/reconciliation, we are unable to comment upon its recoverability and corresponding impact of impairment on the net results of the quarter and nine months ended 31st December, 2019.

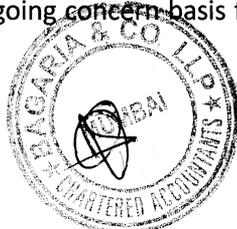
- f. We draw attention to Note No. 9 to the Statement, where the Company in relation to its sixteen project sites, which have either been de-mobilized or completed or otherwise shut or non-operational, could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. As per the Management, there have been no operations in such project sites during the quarter ended 31st December, 2019. Transactions in books of accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office division. Total assets and liabilities of such sites is Rs. 103.60 Crores & Rs. 63.86 Crores respectively. In view of unavailability of detailed information, we could not conduct review of accounts of such sixteen project sites and accordingly, we are unable to comment upon its resultant impact, if any on net results for the quarter and nine months ended 31st December, 2019.
- g. The accounts of certain Banks (operational and non-operational), Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the net results for the quarter and nine months ended 31st December, 2019, the amounts whereof are presently not ascertainable.
- h. There are various Legal Cases filed by / against the Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the net results for the quarter and nine months ended 31st December, 2019, the amounts whereof are presently not ascertainable.

5. Conclusion

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

6. Material Uncertainty Related to Going Concern:

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



7. Emphasis of matter:

- a) We draw attention to Note No. 10 to the Statement, where the Company has stated that Other Current Assets as at December 31, 2019 includes Rs 34.35 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recovery.
- b) The value of inventory is taken and valued as per the details furnished and certified by Management.
- c) We draw attention to Note no. 11 to the Statement where the Company has not paid / provided for managerial remuneration during the quarter ended 31st December, 2019. However, the Company is still awaiting and is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration of Rs. 3.08 Crores provided in earlier years in terms of the special resolution passed by the members in their Annual General Meeting.

Our conclusion is not modified in respect of this matter.

8. Other Matter:

- a) The Statement includes the results for the Quarter ended 31st December 2018 and nine months ended 31th December 2018 which were reviewed by the predecessor auditor who, vide their review report dated 19th February 2019, expressed a qualified conclusion on those financial results.
- b) Our conclusion is not modified in respect of this matter.

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



Vinay Somani
Partner

Membership No. 143503
UDIN: 20143603AAAACR3159



Place: Mumbai
Date: 14th February, 2020

VALECHA ENGINEERING LIMITED



(An ISO 9001-2015 Company) CIN : L74210MH1977PLC019535

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

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

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2019

(₹ in Crores) Except EPS

Sr. No.	PARTICULARS	Standalone					
		For the quarter ended on			For nine months ended on		For the year ended on
		31.12.2019 (Unaudited)	30.09.2019 (Unaudited)	31.12.2018 (Unaudited)	31.12.2019 (Unaudited)	31.12.2018 (Unaudited)	31.03.2019 (Audited)
1	Income						
	(a) Revenue from Operations	36.81	45.05	53.57	137.37	110.26	171.53
	(b) Other Income	2.87	0.87	4.08	5.20	14.87	17.23
	Total Income	39.68	45.92	57.65	142.57	125.13	188.76
2	Expenses						
	a. Construction Expenses	33.35	36.50	48.21	127.70	101.63	147.41
	b. Changes in inventories	0.26	5.44	0.54	0.78	3.86	13.96
	c. Employees Benefits Expense	2.07	1.30	1.25	4.91	5.81	8.55
	d. Finance costs	0.08	0.03	20.94	0.35	59.57	1.28
	e. Depreciation and amortization Expenses	0.65	0.62	1.29	1.94	4.07	5.18
	f. Other Expenses	0.80	1.64	1.40	3.46	6.64	11.22
	Total Expenses	37.21	45.52	73.63	139.14	181.58	187.60
3	Profit / (Loss) before share of net profit/(loss) of an associate/ a joint venture and Exceptional Items (1-2)	2.47	0.40	(15.98)	3.43	(56.45)	1.16
4	Share of net profit/(loss) of an associate/ a joint venture	-	-	-	-	-	-
5	Profit / (Loss) before Exceptional Items and tax (3+4)	2.47	0.40	(15.98)	3.43	(56.45)	1.16
6	Exceptional Items	-	-	-	-	-	-
7	Profit / (Loss) before tax (5-6)	2.47	0.40	(15.98)	3.43	(56.45)	1.16
8	Tax Expense	-	-	-	-	-	-
	(a) Current Tax (Including earlier year taxation)	-	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-	-
9	Profit / (Loss) for the Period (7-8)	2.47	0.40	(15.98)	3.43	(56.45)	1.16
10	Other Comprehensive Income (OCI)						
	(a) i. Items that will not be reclassified to profit or loss	(0.05)	(0.07)	(0.36)	(0.17)	(1.04)	(0.14)
	ii. Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
	(b) i. Item that will be reclassified to profit or loss	0.24	0.50	-	0.59	-	1.39
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Total Other Comprehensive Income	0.19	0.43	(0.36)	0.42	(1.04)	1.25
11	Total Comprehensive Income for the period (9+10)	2.66	0.83	(16.34)	3.85	(57.49)	2.41
12	Net Profit/(Loss) attributable to :						
	Shareholders of the Company	-	-	-	-	-	-
	Non-Controlling interest	-	-	-	-	-	-
13	Other Comprehensive Income attributable to :						
	Shareholders of the Company	-	-	-	-	-	-
	Non-Controlling interest	-	-	-	-	-	-
14	Total Comprehensive Income attributable to :						
	Shareholders of the Company	-	-	-	-	-	-
	Non-Controlling interest	-	-	-	-	-	-
15	Paid-up Equity Share Capital (Face Value ₹ 10/-)	22.53	22.53	22.53	22.53	22.53	22.53
16	Other Equity Excluding Revaluation Reserves	-	-	-	-	-	9.10
17	Earning Per Share (of ₹ 10/- each) (not annualised):						
	(i) Basic earnings (loss) per share	1.10	0.18	(7.09)	1.52	(25.06)	0.51
	(ii) Diluted earnings (loss) per share	1.10	0.18	(7.09)	1.52	(25.06)	0.51
	See accompanying note to the Financial Results						



[Handwritten Signature]

LIMITED REVIEW REPORT

To
Board of Directors of
Valecha Engineering Limited

1. We have reviewed the accompanying statement of consolidated unaudited financial results of **Valecha Engineering Limited** ("the Holding Company"), its subsidiaries and associates (the Holding Company, its subsidiaries and its associates together referred to as "the Group") for the quarter and nine months ended 31st December 2019 ("the Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulations 33 of the SEBI (Listing, Obligations and Disclosure requirements) Regulations, 2015 ('Listing regulations'), as amended.
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" (IND AS "34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.

4. Basis for Qualified Conclusion

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

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



Further, the Holding Company has also invested Rs. 0.05 crores in one of its Associate Company, financial statements of which are not consolidated by the management. Further, in the absence of detailed information and financial statements, we are unable to comment upon the need for impairment provisions, which may be required and the resultant impact on the net results for the quarter and nine months ended 31st December, 2019, if any.

- b. We draw attention to Note No. 5 to the Statement, wherein the Holding Company has not provided for any regular interest payable to banks for the quarter and nine months ended 31st December, 2019 estimated at Rs. 22.30 Crores & Rs. 64.75 Crores for the quarter and nine months ended 31st December, 2019 respectively as it expects certain relief in view of the proposed One-Time settlement plan being pursued by the Management of the Holding Company. The Holding Company has also not provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons.

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

The Holding Company has also not provided for any interest which may arise towards delayed payment of TDS amounting to Rs. 3.11 crores as on 31st December 2019.

Had such provision towards regular interest payable to banks and interest on delayed payment of TDS for the quarter and nine months ended 31st December, 2019 been made in the financial results of quarter ended 31st December, 2019, the Group's net loss after comprehensive income for the quarter and nine months ended 31st December, 2019 would have been Rs.74.02 crores and Rs 178.29 crores respectively. In absence of detailed computation of penal interest for default in repayment of Borrowings, interest for default in payment of TDS and interest for delayed payments to vendors registered under MSME, we are unable to comment on its resultant impact on the net results for the quarter and nine months ended 31st December, 2019.

- c. We draw attention to Note No. 7 to the Statement, the Holding Company has not repaid fixed deposits from deposit holders (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.73 crores as at December 31, 2019 as per the contractual terms. Pursuant to the NCLT order dated 03.04.2019, 11.06.2019 and 22.08.2019 and in terms of NCLAT order dated 24.10.2019 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 nine months ended 31st December 2019 as per the terms of issue and acceptance of deposits. Further, the Holding Company has also not provided penal interest and fine as may be applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014. Non provision of such interest is not in compliance with Ind AS 23 "Borrowing Cost". In absence of detailed information and computation of such regular interest, penal interest and fine, if any, we are unable to comment upon its resultant impact on the net results for the quarter and nine months ended 31st December, 2019.
- d. We draw attention to Note No. 8 to the Statement, the Holding Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes Rs. 112.40 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities.

The Holding Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates) amounting to Rs. 3.56 crores and to others amounting to Rs. 190.22 crores as at December 31, 2019. In absence of detailed



information, third party confirmation/reconciliation, we are unable to comment upon its recoverability and corresponding impact of impairment on the net results of the quarter and nine months ended 31st December, 2019.

- e. We draw attention to Note No. 9 to the Statement, where the Holding Company in relation to its sixteen project sites, which have either been de-mobilized or completed or otherwise shut or non-operational, could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. As per the Holding Company Management, there have been no operations in such project sites during the quarter ended 31st December, 2019. Transactions in books of accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office division. Total assets and liabilities of such sites is Rs. 103.60 Crores & Rs. 63.86 Crores respectively. In view of unavailability of detailed information, we could not conduct review of accounts of such sixteen project sites and accordingly, we are unable to comment upon its resultant impact, if any on net results for the quarter and nine months ended 31st December 2019.
- f. The accounts of certain Banks (operational and non-operational), Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities of the Holding Company are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the net results for the quarter and nine months ended 31st December, 2019, the amounts whereof are presently not ascertainable.
- g. There are various Legal Cases filed by / against the Holding Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the net results for the quarter and nine months ended 31st December, 2019, the amounts whereof are presently not ascertainable.
- h. We draw attention to Note No 14(a) to the Statement, Valecha Reality Limited (VRL), (an Associate Company) has given a loan amounting to Rs.6.51 crores to M/s SVK Arcade LLP which is long outstanding in the Books of Accounts. VRL is not recognizing and receiving any interest on such loans neither has it made any provision for the loan amount outstanding. Further, the Company VRL has received loans from Valecha Engineering Limited and Valecha Infrastructure Limited to the tune of Rs 0.28 crores and Rs 6.52 crores respectively. VEL has not recovered any interest in view of already weak financial position of VRL. Similarly, VRL has also not recovered any interest amount from VIL in view of already weak financial position of VIL.
- i. We draw attention to Note no 14(b) to the Statement, Valecha Kachchh Toll Roads Limited (VKTRL) (a Subsidiary Company) VKTRL continues to prepare its Financial Statements on going concern basis even though it has continued to incur significant losses in the previous financial years and for the quarter ended 31st December, 2019. It has also continued to default in repayment of its financial obligation including interest.

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.

- j. The Consolidated financial results include goodwill arising on consolidation amounting to Rs. 1.79 Crores which has not been tested for impairment inspite of the losses and sub-optimal operations of the Company.



The Statement includes the result of following Companies:

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

The Statement does not include the result of following Company:

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

5. Conclusion

Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the possible effects of the matters described in the Basis for Qualified Conclusion in paragraph 4 above and read with Emphasis of matters described in paragraph 7 below, nothing has come to our attention that causes us to believe that the Consolidated statement of unaudited financial results prepared in accordance with applicable Indian Accounting Standards (IND AS) and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with circular issued from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Material Uncertainty Related to Going Concern:

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

7. Emphasis of matters:

- a) We draw attention to Note No. 10 to the Statement, where the Holding Company has stated that Other Current Assets as at December 31, 2019 includes Rs 34.35 crores receivable from various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recovery.
- b) We draw attention to Note no. 11 to the Statement where the Holding Company has not paid / provided for managerial remuneration during the quarter ended 31st December 2019. However, the Holding Company is still awaiting and is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration of Rs 3.08 Crores provided in earlier years in terms of the special resolution passed by the members in their Annual General Meeting.

Our conclusion is not modified in respect of this matter.



8. Other Matters:

- a) We did not review the interim financial information of four subsidiaries (including one step down subsidiaries) and one associate included in the consolidated unaudited Ind AS financial results whose interim financial information reflect total assets of Rs. 529.68 Crores, total revenue of Rs. 3.09 crores and Rs. 16.08 crores for the quarter and nine months ended December 31, 2019 respectively and total comprehensive loss of Rs. 44.43 crores and Rs. 92.20 crores for the quarter and nine months ended December 31, 2019 respectively. This interim financial information has also not been reviewed by their auditors but have been certified by their respective Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on such Management certified interim financial information and the procedures performed by us as stated in paragraph 3 above.
- b) We have relied on the unaudited financial results furnished by the Holding Company's management with respect to two subsidiaries (including one step down subsidiary referred in point (a) to section "Basis for qualified conclusion" referred above) included in the consolidated Ind AS financial results whose interim financial information reflect total assets of Rs. 215.11 Crores, total revenue of Rs.5.07 crores and Rs.14.82 crores for the quarter and nine months ended December 31, 2019 respectively, and total comprehensive loss of Rs. 6.09 crores and Rs. 17.84 crores for the quarter and nine months ended December 31, 2019 respectively. The interim unaudited financial results of these companies have been furnished to us by the Holding Company's management based on provisional financial accounts and information available with the Holding Company and are not approved by the Management / Resolution Professional of respective Companies. Our conclusion on the financial results, in so far as relates to the amount and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements.
- c) Consolidated figures for the quarter ended 31st December, 2018 and nine months ended 31st December 2018 as reported in these financial results have been approved by the Board of Directors of the Holding Company and have not been subjected to review since the requirement of submission of quarter and nine months ended consolidated financial results has become applicable only from 1st April 2019.
- d) Our conclusion is not modified in respect of the above matters listed under "Other Matters" paragraph.

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


Vinay Somani
Partner
Membership No. 143503



Place: Mumbai
Date: 14th February, 2020

UDIN: 20142503AAAACS6121

(An ISO 9001-2015 Company) CIN : L74210MH1977PLC019535

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

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

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2019

(₹ in Crores) Except EPS

Sr. No.	PARTICULARS	Consolidated					
		For the quarter ended on			For nine months ended on		For the year ended on
		31.12.2019 (Unaudited)	30.09.2019 (Unaudited)	31.12.2018 (Unaudited)	31.12.2019 (Unaudited)	31.12.2018 (Unaudited)	31.03.2019 (Audited)
1	Income						
	(a) Revenue from Operations	44.42	54.05	66.24	163.44	136.13	196.95
	(b) Other Income	2.87	0.88	0.76	5.21	4.87	17.67
	Total Income	47.29	54.93	67.00	168.65	141.00	214.62
2	Expenses						
	a. Construction Expenses	33.33	36.50	48.20	127.70	101.63	147.38
	b. Changes in inventories	0.26	5.44	0.54	0.78	3.86	13.96
	c. Employees Benefits Expense	2.54	1.74	1.67	6.21	7.01	10.14
	d. Finance costs	49.59	20.88	51.31	102.77	151.95	126.15
	e. Depreciation and amortization Expenses	9.34	9.34	10.01	28.07	30.24	40.07
	f. Other Expenses	3.90	5.84	5.15	13.97	17.54	27.18
	Total Expenses	98.96	79.74	116.88	279.50	312.23	364.88
3	Profit / (Loss) before share of net profit/(loss) of an associate/ a joint venture and Exceptional Items (1-2)	(51.67)	(24.81)	(49.88)	(110.85)	(171.23)	(150.26)
4	Share of net profit/(loss) of an associate/ a joint venture	-	-	-	-	-	(0.003)
5	Profit / (Loss) before Exceptional Items and tax (3+4)	(51.67)	(24.81)	(49.88)	(110.85)	(171.23)	(150.26)
6	Exceptional Items	-	-	-	-	-	-
7	Profit / (Loss) before tax (5-6)	(51.67)	(24.81)	(49.88)	(110.85)	(171.23)	(150.26)
8	Tax Expense						
	(a) Current Tax (Including earlier year taxation)	-	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-	-
9	Profit / (Loss) for the Period (7-8)	(51.67)	(24.81)	(49.88)	(110.85)	(171.23)	(150.26)
10	Other Comprehensive Income (OCI)						
	(a) i. Items that will not be reclassified to profit or loss	(0.05)	(0.07)	(0.92)	(0.17)	(1.04)	(0.14)
	ii. Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
	(b) i. Item that will be reclassified to profit or loss	0.24	0.50	0.56	0.59	-	1.39
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Total Other Comprehensive Income	0.19	0.43	(0.36)	0.42	(1.04)	1.25
11	Total Comprehensive Income for the period (9+10)	(51.48)	(24.38)	(50.24)	(110.43)	(172.27)	(149.01)
12	Net Profit/(Loss) attributable to :						
	Shareholders of the Company	(31.56)	(18.44)	(38.76)	(71.66)	(136.31)	(102.28)
	Non-Controlling interest	(20.11)	(6.37)	(11.12)	(39.19)	(34.92)	(47.98)
13	Other Comprehensive Income attributable to :						
	Shareholders of the Company	0.19	0.43	(0.36)	0.42	(1.04)	1.25
	Non-Controlling interest	-	-	-	-	-	-
14	Total Comprehensive Income attributable to :						
	Shareholders of the Company	(31.37)	(18.01)	(39.12)	(71.24)	(137.35)	(101.03)
	Non-Controlling interest	(20.11)	(6.37)	(11.12)	(39.19)	(34.92)	(47.98)
15	Paid-up Equity Share Capital (Face Value ₹ 10/-)	22.53	22.53	22.53	22.53	22.53	22.53
16	Other Equity Excluding Revaluation Reserves	-	-	-	-	-	(643.92)
17	Earning Per Share (of ₹ 10/- each) (not annualised):						
	(i) Basic earnings (loss) per share	(22.93)	(11.01)	(22.14)	(49.20)	(76.00)	(66.69)
	(ii) Diluted earnings (loss) per share	(22.93)	(11.01)	(22.14)	(49.20)	(76.00)	(66.69)
	See accompanying note to the Financial Results						



Talakh

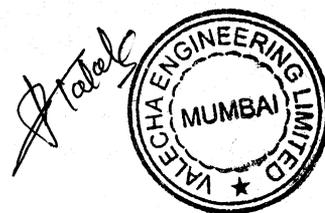
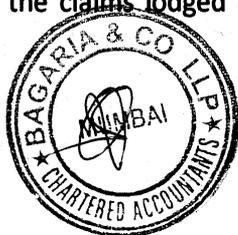
Notes:

1. The above Unaudited Financial Results were reviewed and recommended by the Audit Committee and approved by the Board of Directors at the meeting held on February 14, 2020.
2. The Company is engaged in "Construction Activity" and there are no other reportable segments under Ind AS 108 "Operating Segments".
3. The accumulated losses incurred in the past years have resulted in erosion of Company's peak Net worth. However, the management is of the opinion that subject to approval of OTS / Restructuring plan by banks, cost reduction measures and participating in new business finance/ JV business, the Company will be able to earn profit over next few years and may be in position to repay restructured loans and pay statutory dues. Hence, the financial results are prepared assuming that it will continue as going concern.
4. This result has been prepared in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015.
5. The Company's borrowing facilities with various banks/financial institutions and NBFC's have continued to remain under NPA classification. The Company has not provided for regular interest estimated at Rs.22.30 crores and Rs.64.75 crores for the quarter and nine months ended 31st December, 2019 respectively on its various such borrowings, as it expects certain relief in view of the ongoing settlement proposals with the lenders being pursued by the Management. The treatment of the above adjustment in the financial results however does not affect the lenders right to recover such regular interest and consequently the Company's liability to pay such interests.

As stated above, since the Company expects certain reliefs, it has not provided for any penal interest, amount of which is presently not ascertainable, which may arise for default in repayment of borrowings.

Further, the Company has also not provided for interest of Rs. 3.11 Crores as on 31st December, 2019, which may arise on delayed payment of TDS.

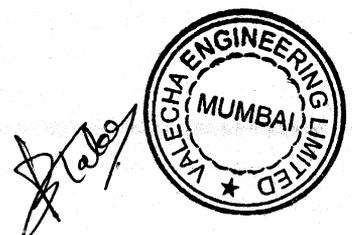
6. The Company has similar to Financial Year 2018-19 continued not to recognize Guarantee Fees / Commissions during the period April 1, 2019 to December 31, 2019 in view of the already weak financial position of such subsidiaries and step down subsidiaries. No reversals/impairment have been done for the guarantee fees / commission already recognized upto March 31, 2018.
7. 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 December 31, 2019 as per the contractual terms. Pursuant to the NCLT order dated 03.04.2019, 11.06.2019 and 22.08.2019 and in terms of NCLAT order dated 24.10.2019 the matter has been adjudged. On receipt of the proceeds from Canara Bank and from Income Tax department which will be exclusively utilised for repayment of fixed deposits as per above 3 orders of NCLT, Mumbai.
8. The Company has not evaluated expected credit losses for long outstanding Trade Receivables which includes Rs. 112.40 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities. The Company has booked their claims on conservative basis and management believe that they have strong case for each of the claims lodged against the client. Hence, the Board has decided not to



account for expected credit losses. The Company has not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans extended to various related parties (other than subsidiaries, step down subsidiaries and associates of the Company) amounting to Rs. 3.56 crores and to others amounting to Rs. 190.22 crores as at 31st December, 2019.

9. The Company has sixteen project sites which have either been de-mobilized or completed or otherwise shut / non-operational. The Company could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the quarter ended 31st December, 2019. Movement in accounts of such project sites, if any, is on account of payments / receipts being made by the Head Office division.
10. Other Current Assets as at December 31, 2019 includes Rs 34.35 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. The Management is confident of ultimate recovery of such amounts.
11. On 29/09/2018, the shareholders accorded their approval for the waiver of recovery of managerial remuneration in respect of three Directors. The Company is taking necessary actions and steps for approval from Secured Lenders pursuant to the Notification dated 12/09/2018 issued by Ministry of Corporate Affairs on the subject. The Company is hopeful of getting requisite approval from the secured lenders for waiver of recovery of managerial remuneration in terms of the special resolution passed by the members in their Annual General Meeting held on 29/09/2018.
12. Valecha LM Toll Private Limited (VLMTPL), a step down subsidiary of the Company and subsidiary of Valecha Infrastructure Limited (VIL) has been admitted to National Company Law Tribunal (NCLT) on 29.03.2019 in view of the insolvency petition filed by Axis Bank Limited under section 7 of the Insolvency and Bankruptcy Code, 2016 and consequently Interim Resolution Professional ('IRP') was appointed by the NCLT. IRP was appointed as Resolution Professional by COC and company is under IP process.

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 on the basis of provisional accounts basis in view of the events explained above. Accordingly, any resultant impact which may arise as a result of such impairment and consequential impact on the impairment of Company's investment in VIL as a result of the events explained above has not been computed. The Company has also provided Corporate guarantees amounting to Rs. 239.71 crores to the lenders of VLMTPL.
13. During the quarter ended 31st December, 2019, the Company has identified certain balances which are not recoverable and / or payable. The aggregate of non-recoverable balances is Rs.68.05 crores and aggregate of non-payable balances is Rs.70.11 crores. These balances have been netted and a net income of Rs.2.06 crores has been recorded as "Balances written (back)/ off (Net)".



14. Specific notes related with Subsidiary Companies:

a) Valecha Reality Limited(VRL)

- i. VRL has given a loan amounting to Rs 6.51 crores to M/s SVK Arcade LLP which is long outstanding in the Books of Accounts. VRL is not recognizing & receiving any interest on such loan and has neither made any provision for the loan amount outstanding.
- ii. VRL has received loans from Valecha Engineering Limited ("VEL") and Valecha Infrastructure Ltd ("VIL") to the tune of Rs. 0.28 Crores and Rs. 6.52 Crores respectively. VRL has not paid any interest on the same nor has it made any provisioning of the interest payable. VEL has not recovered any interest in view of already weak financial position of VRL. Similarly, VRL has also not recovered any interest amount from VIL in view of already weak financial position of VIL.

b) Valecha Kachchh Toll Roads Limited (VKTRL)

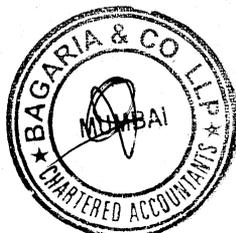
VKTRL continues to prepare its Financial Statements on going concern basis even though it has continued to incur significant losses for the quarter ended 31st December, 2019 and in previous financial years. It has also continued to default in repayment of its financial obligation including interest and 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 June 2020. VKTRL has also put a claim of Rs. 866.25 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.

15. Consolidated results for the quarter and nine months ended 31st December, 2019 and Year ended 31st March, 2019 includes results of following Subsidiaries and Associate Companies:

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

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



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

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

The Company could not consolidate financial results of "Aryavrat Tollways Private Limited", an Associate Company, as it has not yet received its results.

16. 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.
17. Effective 1 April 2019, the Company is required to adopt Ind AS 116 on "Leases", the Company is evaluating the impact of Ind AS 116 – "Leases" on the financial results. However, Management is confident that the impact will not be significant/material.
18. The previous period's figures have been re-grouped/ re-classified wherever required to conform to current period's classification. All figures of financials are stated as Rs. in Crores except otherwise stated.

For VALECHA ENGINEERING LIMITED




LALNA B. TAKEKAR

DIRECTOR

DIN : 08111805

DATE : FEBRUARY, 14,2020

PLACE : MUMBAI



