

VALECHA ENGINEERING LIMITED



(An ISO 9001-2008 Company) CIN : L74210MH1977PLC019535
 Regd. Office : Valecha Chambers, 4th Floor, Andheri New Link Road, Andheri (West), Mumbai - 400 053.
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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2018

(₹ in Crores) Except EPS

Sr. No.	PARTICULARS	Standalone					
		For the quarter ended on			For the Nine Months ended on		For the year ended on
		31.12.2018 (Unaudited)	30.09.2018 (Unaudited)	31.12.2017 (Unaudited)	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)	31.03.2018 (Audited)
1	Income						
	(a) Revenue from Operations	56.49	19.89	43.22	115.75	149.12	207.80
	(b) Other Income	4.08	4.75	1.40	14.87	18.06	67.69
	Total Income	60.57	24.64	44.63	130.62	167.18	275.50
2	Expenses						
	a. Construction Expenses	51.13	21.59	34.44	107.12	129.74	186.02
	b. (Increase) / Decrease in Stock	0.54	(1.18)	0.80	3.86	7.11	25.44
	c. Employees Benefits Expense	1.25	1.37	2.34	4.69	7.03	8.00
	d. Finance costs	20.94	20.54	16.88	59.57	48.43	67.16
	e. Depreciation and amortization Expenses	1.29	1.41	2.41	4.07	7.60	10.14
	f. Other Expenses	1.40	5.17	0.96	7.76	8.14	14.18
	Total Expenses	76.55	48.90	57.82	187.06	208.06	310.95
3	Profit / (Loss) before Exceptional Items and tax (1-2)	(15.98)	(24.26)	(13.19)	(56.44)	(40.88)	(35.46)
4	Exceptional Items	-	-	-	-	-	-
5	Profit / (Loss) before tax (3+4)	(15.98)	(24.26)	(13.19)	(56.44)	(40.88)	(35.46)
6	Tax Expense						
	(a) Current Tax (Including earlier year taxation)	-	-	-	-	-	1.66
	(b) Deferred tax	-	-	-	-	-	-
7	Profit / (Loss) for the period from continuing Operations (5-6)	(15.98)	(24.26)	(13.19)	(56.44)	(40.88)	(37.11)
8	Profit/ (Loss) from discontinuing operations	-	-	-	-	-	-
9	Tax Expense of discontinuing operations	-	-	-	-	-	-
10	Profit/ (Loss) from discontinuing operations (after tax) (8-9)	-	-	-	-	-	-
11	Profit / (Loss) for the Period (7+10)	(15.98)	(24.26)	(13.19)	(56.44)	(40.88)	(37.11)
12	Other Comprehensive Income (OCI)						
	(a) i. Items that will not be reclassified to profit or loss	(0.36)	(0.36)	-	(1.04)	-	(2.68)
	ii. Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
	(b) i. Item that will be reclassified to profit or loss	-	-	-	-	-	-
	ii. Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Total Other Comprehensive Income	(0.36)	(0.36)	-	(1.04)	-	(2.68)
13	Total Comprehensive Income for the period (11+12)	(16.34)	(24.62)	(13.19)	(57.48)	(40.88)	(39.79)
14	Paid-up Equity Share Capital (Face Value ₹ 10/-)	22.53	22.53	22.53	22.53	22.53	22.53
15	Reserve Excluding Revaluation Reserves	-	-	-	-	-	6.69
16	Earning Per Share (of ₹ 10/- each) (not annualised):						
	(i) Basic earnings (loss) per share	(7.09)	(10.77)	(5.86)	(25.05)	(18.14)	(16.47)
	(ii) Diluted earnings (loss) per share	(7.09)	(10.77)	(5.86)	(25.05)	(18.14)	(16.47)
	See accompanying note to the Financial Results						

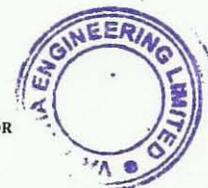
Notes:

- The above Unaudited Standalone Financial Results, have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 19th February, 2019.
- Limited Review of the above Unaudited Standalone Financial Results has been carried out by the Statutory Auditors of the Company.
- The Company is engaged in "Construction Activity" and there are no other reportable segments under Ind AS 108 "Operating Segments".
- The accumulated losses for the year ended 31st December 2018 have resulted in erosion of Company's peak Net worth. However, the management is of the opinion that subject to approval of 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, financial statement of company are prepared assuming that it will continue as going concern.
- Effective 1 April 2018, the Company has adopted Ind AS 115 - Revenue from Contracts with Customers. The adoption of Ind AS 115 did not have any material impact on recognition and measurement of revenue and related items in the unaudited standalone financial results for the quarter and nine months ended 31st December 2018.
- Previous period's / year's figures have been regrouped / rearranged wherever necessary to conform to those of current period's / year's classification.

J. K. VALECHA

VICE CHAIRMAN - CUM MANAGING DIRECTOR

DIN : 00013070



Place : Mumbai

Date : 19th February, 2019

Limited Review Report

To,
The Board of Directors of VALECHA ENGINEERING LIMITED

1. We have reviewed the accompanying statement of unaudited financial results of **VALECHA ENGINEERING LIMITED ("Company")** for the quarter ended December 31, 2018 and year to date from April 1, 2018 to December 31, 2018 attached herewith, being submitted by the Company pursuant to requirement of Regulation 33 of the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, as modified by the Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016 (the 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 the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information performed by Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Basis for qualified conclusion:
 - a. The Company has not evaluated expected credit loss provision as required under Ind AS 109 "Financial Instruments" for loans and advances aggregating to Rs 228.57 Crores given to four of its subsidiaries (including one step-down subsidiary). The Company has extended Corporate Guarantee aggregating to Rs.626.03 Crores to Banks/Financial institution on behalf of these subsidiaries (including one step-down subsidiary) for which guarantee income of Rs 3.13 Crores and Rs. 9.39 Crores for the quarter and nine months ended December 31, 2018, respectively are recognized in accounts. Further, the Company has made investment aggregating to Rs 41.69 Crores in above mentioned subsidiaries which have incurred losses and have negative net-worth as at December 31, 2018. In the absence of detailed information, we are unable to comment upon its impairment provision, if any, and corresponding impact on the loss of the period. Further, the Company has also invested Rs 26.95 Crores in three of its Associate Companies, whose financial statement are not made available to us by the Management. In the absence of the information and financial statements of these Associate Companies, we are unable to comment upon its impairment provision and resulting impact on loss of the period, if any.



- b. The Company has not provided for interest amounting to Rs. 3.43 crores on late payment of Tax deducted at Source. Further, the Company has not provided for penal interest for default in repayment of borrowings from Banks and Financial Institution. However, in the absence of detailed computation of penal interest, we are unable to comment upon its impact on the loss of the period.
- c. The Company has not repaid deposits (including unpaid interest upto March 2017) amounting to Rs. 30.57 Crores as at December 31, 2018 as per the contractual terms and repayment schedule / order passed by the Company Law Board – New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO. 05(MB) 2016). The Company has also not provided penal interest and fine as levied under rule 21 of (Acceptance of Public Deposit) Rules, 2014 for default in repayment of public deposit. In the absence of detailed information and computation of penal interest pertaining to the default period, if any, we are unable to comment upon its impact on the loss of the period.
- d. The Company has not evaluated whether any impairment provision is required for expected credit losses (ECL) in accordance with Ind AS 109 - 'Financial Instruments' for Trade Receivables aggregating to Rs. 227.63 Crores which includes Rs. 160.30 Crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities. Also, the Company has not evaluated whether any impairment provision is required for ECL in accordance with Ind AS mentioned above for loans extended to various related parties amounting to Rs. 12.18 Crores as at December 31, 2018. In the absence of relevant information, third party confirmation/reconciliation and detailed working, we are unable to comment upon its recoverability and corresponding impact of impairment on the loss of the period, if any.
- e. The Company has not included transactions related to seventeen project sites of the Company. The Company has not accounted for any transactions from last year for these sites, as it does not have any information and relevant documents to account for the same. In view of that, we are unable to comment upon resultant impact, if any on loss of the period of the Company, had the said units have been reviewed by us.
5. Based on our review conducted as above, except for the possible effects of the matter described in the Basis for Qualified Conclusion para 4 as above and read together with matters described in para 6 below, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results has not been prepared in accordance with applicable Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with relevant rules there under and other recognized accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.



6. We draw attention to the following matters:

- a. Note 4 in the Result which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss/net cash loss during the quarter and nine months ended December 31, 2018 and the Company's current liabilities exceeded its current assets as at the balance sheet date. Further, the Company's loans from banks have been declared as Non-performing from December 2015 onwards due to default in repayment of principal and applicable interest. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.
- b. The value of inventory is taken and valued as per the details furnished and certified by Management.
- c. We were given to understand by the Management that the Company has carried out Internal Audit Report for most of its project sites for the quarter and nine months ended December 31, 2018 and is awaiting for the reports. Our conclusion is not modified in respect of this matter.
- d. The Company had paid / provided managerial remuneration of Rs. 1.13 Crores and Rs 1.98 Crores in current period and previous year, respectively. On 29/9/2018, the shareholders accorded their approval for the waiver of recovery of managerial remuneration in respect of 3 Directors. The Company is taking necessary actions and steps for approval from Secured Lenders and thereafter from the shareholders pursuant to the Ministry of Corporate Affairs circular dated 12/09/2018. As we understand from the Management of the Company, the Company is hopeful of getting requisite approval from the said secured lenders and shareholders for waiver of recovery of managerial remuneration in terms of the special resolution passed by the members in their Annual General Meeting.

For Kanu Doshi Associates LLP
Chartered Accountants
Firm Registration No: 104746W/W/100096



Jayesh Parmar
Partner

Membership No: 045375

Place: Mumbai

Date: February 19, 2019

