VALECHA ENGINEERING LIMITED
(AN ISO 9001 - 2008 COMPANY)

VALECHA
REDEFINING INFRASTRUCTURE

Ref: VEL/18-19/079

05th October, 2018

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

Dear Sirs,

Sub: Annual Report 2017-18

With reference to the above subject matter, we enclose herewith the Annual Report for the Financial Year 2017-18

Kindly take the same on your record.

Thanking you,

Yours faithfully
For VALECHA ENGINEERING LIMITED

(VIJAYKUMAR MODI)
Company Secretary & Legal

VALECHA

REDEFINING INFRASTRUCTURE

VALECHA ENGINEERING LIMITED

41st Annual Report
2017-18

VALECHA ENGINEERING LIMITED

CIN: L74210MH1977PLC019535

Board of Directors

Arvind Thakkar	-	Chairman
J. K. Valecha	-	Vice Chairman cum Managing Director
D. H. Valecha	-	Whole-time Director up to 31.07.2018
	-	Additional Director w.e.f. 01.08.2018
Tarun Dutta	-	Whole-time Director up to 26.06.2018
	-	Additional Director w.e.f. 19.07.2018
Ketan H Gandhi	-	Independent Director
Sonal V JItiya	-	Non-Executive Director

Company Secretary & Legal : Vijaykumar H. Modi

Auditors : M/s. Kanu Doshi Associates 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 Limited - CIN: U67120MH1985PLC037369
6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011
Tel: 022-66568484 ; Fax : 022-66568494

Registered Office : "Valecha Chambers", 4th 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;

NOTICE

Notice is hereby given that the **Forty-first** Annual General Meeting of the members of VALECHA ENGINEERING LIMITED will be held on **Saturday, 29th September, 2018 at 03:00 p.m.** at **Babasaheb Dahanukar Sabhagriha,** Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   a. The Audited Financial Statement of the Company for the financial year ended 31st March, 2018, the reports of the Board of Directors and Auditors thereon; and

   b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2018.

2. To appoint a Director in place of Mrs. Sonal Jitiya (DIN: 00668047) who retires by rotation and being eligible, offers herself for reappointment

SPECIAL BUSINESS:

To consider and if, thought fit, to pass, the following resolution:

3. As a **Special** Resolution**:**

   TO CONSIDER THE WAIVER OF RECOVERY OF REMUNERATION PAID/PROVIDED TO MR. JAGDISH VALECHA

   RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 (hereinafter referred to as the "Act") (including any statutory modifications or re-enactments thereof from time to time) read with Schedule V and all other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to all approvals, if any, as may be required, the consent of the members be and is hereby accorded to the Board of Directors of the Company to waive the recovery of excess remuneration paid/provided, prior to the approval of the Central Government, to **Mr. Jagdish K. Valecha (DIN:00013070)** Vice Chairman cum Managing Director of the Company, amounting to Rs. 88.04 lakhs for the period from 11th June, 2017 to 31st March, 2018 and the remuneration as approved by the shareholders in their meeting held on 29th September, 2017 for the period from 01st April, 2018 to 30th September, 2018, and that the remuneration paid/provided as aforementioned be and is hereby approved, ratified, confirmed and adopted.

   RESOLVED FURTHER THAT the Key Managerial Personnel of the Company be and are hereby authorized to make such applications as may be necessary to the concerned authorities for waiver of recovery of excess remuneration paid/provided to **Mr. Jagdish K. Valecha** as mentioned above and for the purpose of giving effect to this resolution to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, proper or desirable.

4. As a **Special** Resolution**:**

   TO CONSIDER THE WAIVER OF RECOVERY OF REMUNERATION PAID/PROVIDED TO MR. DINESH VALECHA

   RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 (hereinafter referred to as the "Act") (including any statutory modifications or re-enactments thereof from time to time) read with Schedule V and all other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to all approvals, if any, as may be required, the consent of the members be and is hereby accorded to the Board of Directors of the Company to waive the recovery of excess remuneration paid/provided, prior to the approval of the Central Government, to **Mr. Dinesh H. Valecha (DIN:00012945)** Whole Time Director of the Company, amounting to Rs. 47.90 lakhs for the period from 01st August, 2017 to 31st March, 2018 and the remuneration as approved by the shareholders in their meeting held on 29th September, 2017 for the period from 01st April, 2018 to 31st July, 2018, and that the remuneration paid/provided as aforementioned be and is hereby approved, ratified, confirmed and adopted

   RESOLVED FURTHER THAT the Key Managerial Personnel of the Company be and are hereby authorized to make such applications as may be necessary to the concerned authorities for waiver of recovery of excess remuneration paid to **Mr. Dinesh H. Valecha** as mentioned above and for the purpose of giving effect to this resolution to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, proper or desirable.

5. As a **Special** Resolution**:**

   TO CONSIDER THE WAIVER OF RECOVERY OF REMUNERATION PAID TO MR. TARUN DUTTA

   RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 (hereinafter referred to as the "Act") (including any statutory modifications or re-enactments thereof from time to time) read with Schedule V and all other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to all approvals, if any, as may be required, the consent of the members be and is hereby accorded to the Board of Directors of the Company to waive the recovery of excess remuneration paid, prior to the approval of the Central Government, to **Mr. Tarun Dutta (DIN: 07867786)** Whole Time Director of the Company, amounting to Rs. 54.58 lakhs for the period from 26th June, 2017 to 31st March, 2018 and the remuneration as approved by the shareholders in their meeting held on 29th September, 2017 for the period from 01st April, 2018 to 26th June, 2018, and that the remuneration paid as aforementioned be and is hereby approved, ratified, confirmed and adopted.

   RESOLVED FURTHER THAT the Key Managerial Personnel of the Company be and are hereby authorized to make such applications as may be necessary to the concerned authorities for waiver of recovery of excess remuneration paid to **Mr. Tarun Dutta** as mentioned above and for the purpose of giving effect to this resolution to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, proper or desirable.

6. As an **Ordinary** Resolution:

TO CONSIDER THE RATIFICATION OF PAYMENT OF REMUNERATION TO THE COST AUDITOR

"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 **2018-19**, 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: 21st August, 2018

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

NOTES:

(A) Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), relating to the Special Business to be transacted at the meeting is annexed hereto. All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays, Sundays and Public Holidays up to the date of Annual General Meeting.

(B) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

The instrument of proxy in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not less than **48 hours** before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc. must be supported by an appropriate resolution/authority, as applicable.

(C) Corporate Members intending to send their authorized representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, at its Registered Office, a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting not less than **48 hours** before the commencement of the meeting.

(D) The Register of Members and Share Transfer Books of the Company will remain closed from the **Saturday, 22nd September, 2018 to Saturday, 29th September, 2018** (both days inclusive).

(E) The requirement to place the matter relating to appointment of Statutory Auditor for ratification by members at every Annual General Meeting is done away with vide notification dated 07th May, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the 40th Annual General Meeting, held on **29th September, 2017**.

(F) **UPDATION OF BANK AND CONTACT DETAILS**

(i) Members are requested to notify immediately any change of address or bank mandates to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars and Transfer Agents of the Company i.e. TSR Darashaw Limited in respect of their physical share folios, if any.

(ii) Members who have not registered / updated their e-mail addresses with TSR Darashaw Limited, if shares are held in physical mode or with their DPs, if shares are held in electronic mode, are requested to do so for receiving all future communications from the Company including Annual Reports, Notices, Circulars, etc., electronically.

(iii) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Shareholders holding shares in electronic format, are therefore, requested to submit their PAN to their DPs with whom their demat accounts are maintained. Shareholders holding shares in physical form may submit their PAN details to the Company/or to TSR Darashaw Limited.

(G) **HOLDING OF SHARES IN DEMATERIALIZED FORM**

In accordance with the amendments to Regulation 40 of Listing Regulations, the Securities and Exchange Board of India (SEBI) has revised the provisions relating to transfer of listed securities and has decided that **w.e.f. 05th December, 2018**, requests for effecting transfer of listed securities, shall not be processed unless the securities are held in dematerialized form with a Depository (National Securities Depository Limited or Central Depository Services (India) Limited). This measure is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Transfer of securities only in demat form will improve ease, facilitate convenience and safety of transactions for investors.

Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares.

(H) **INVESTOR EDUCATION AND PROECTION FUND**

(i) The unclaimed/unpaid dividend up to the Financial Year 2009-10 have been transferred to the Investor Education Protection Fund (IEPF). Those shareholders who have not claimed their dividend up to the financial year 2009-10 and which has been transferred to IEPF, can claim their dividend from the Registrar of Companies, Mumbai

(ii) Pursuant to the provisions of Sections 123 and 125 of the Companies Act, 2013, the amounts of dividends remaining unclaimed for a period of **7 (seven)** years shall be transferred to the Investor Education and Protection Fund. Due dates for the same are mentioned below:

Sr. No.	Dividend Year	Date of Declaration	Due date for transfer
1	**2010-11**	**29-Jul-2011**	**02-Oct-2018**
2	2011-12	17-Sep-2012	22-Nov-2019
3	2012-13	26-Sep-2013	01-Dec-2020
4	2013-14	29-Sep-2014	03-Dec-2021

Members who have not yet encashed their dividend for the period **31st March, 2011 to 31st March, 2014** are requested to approach, TSR Darashaw Limited, 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 on or before September, 2018.

(iv) Further, pursuant to the provisions of Section 124 of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has not been paid or claimed for a period of **7 (seven)** consecutive years, up to the F.Y. 2008-09 have been transferred to IEPF on 30th November, 2017.

(I) Members/proxies should bring their attendance slip duly filled in for attending the meeting. Members are also requested to bring their copies of Annual Report to the venue of the Annual General Meeting.

(J) Any member requiring further information as regards accounts at the meeting is requested to send queries in writing to the Company's Registered Office so as to reach on or before **22nd September, 2018** so that the information required can be made available at the meeting.

(K) Pursuant to the provisions of Sections 101 and 136 of the Act read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with their DP or the Company. The Notice of the Annual General Meeting along with Annual Report for the year ended **31st March, 2018** is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless a member has requested for a physical copy of the same.

Physical copy of the Annual Report is being sent by the permitted mode to those members who have not registered their e-mail addresses. The Annual Report for the year ended **31st March, 2018** is available on the Company's website www.valechaeng.com.

(L) **E-VOTING**

(A) In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has engaged the services of NSDL to provide the facility of remote electronic voting ('e-voting') in respect of the resolutions proposed at Annual General Meeting.

(B) The period for remote e-voting starts at **9:00 a.m. on Wednesday, 26th September, 2018** and ends at **5:00 p.m. on Friday, 28th September, 2018**. Remote e-voting shall be disabled by NSDL at **5:00 p.m. on 28th September, 2018.** During this period, shareholders of the company holding shares either in physical form or dematerialized form, as on the cut-off date **Saturday, 22nd September, 2018** may request for login ID and password and cast their vote electronically.

E-voting instructions:

The procedure with respect to remote e-voting is provided below:-

Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

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.

Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

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.

1. 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 109367 then user ID is 109637001***

3. Your password details are given below:

(a) If you are already registered for e-Voting, then you can user 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, your 'initial password' is communicated to you on your postal address.

4. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

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.

Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

5. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
6. Now, you will have to click on "Login" button.
7. 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.

1. After successful Login at Step 1, you will be able to see the homepage of e-Voting. Click on e-Voting, Then, click on Active E-voting Cycles
2. After clicking on Active e-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 the Company for which you wish to cast your vote
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 a print out of the votes cast by you by clicking 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 shareholders

Institutional shareholders (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 authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mail@raginichokshi.com with a copy marked to evoting@nsdl.co.in.

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 to reset the password.

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 or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

(M) The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting or by ballot form shall be able to exercise their right at the meeting.

(N) Members can opt for only one mode of voting i.e., either by Ballot Form or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.

(O) In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to **investor.relations@valecha.in** by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, M/s. Ragini Chokshi & Co., Practicing Company Secretary (Membership No.2390) at registered office of the Company not later than **Friday, 28th September, 2018** (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.

(P) General Information

(a) Every Client ID No./Folio No. shall have one e-vote, irrespective of the number of joint holders.

(b) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member as on **Saturday, 22nd September, 2018,** the cut-off date.

(c) E-voting right cannot be exercised by a proxy.

(d) M/s. Ragini Chokshi & Co., Practicing Company Secretary (Membership no.2390) has been appointed as a scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

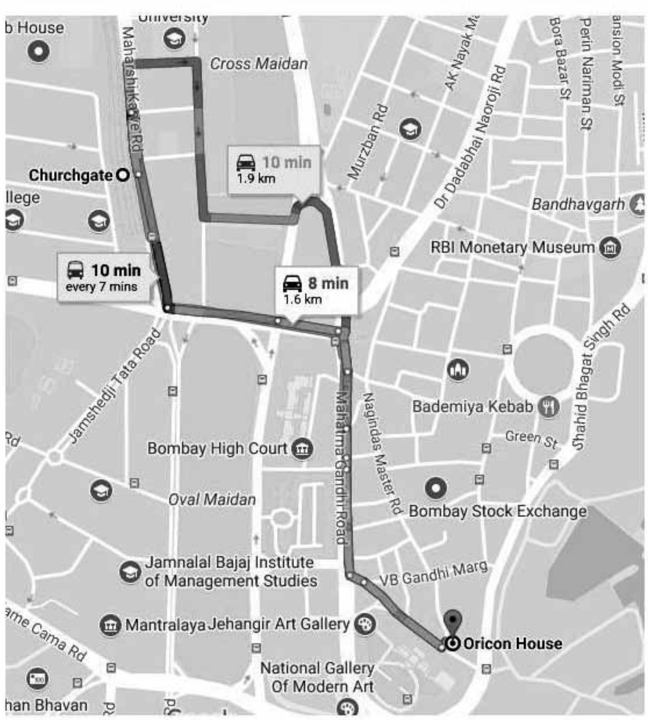
(e) The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.

(f) The results declared along with the Scrutinizer's Report shall be placed on the website of the Company www.valechaeng.com and on the NSDL website https://www.evoting.nsdl.com within two working days of the passing of the resolution at the 41st AGM of the Company to be held on **29th September, 2018** and also communicated to BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

For and on Behalf of the Board
For VALECHA ENGINEERING LIMITED

VIJAYKUMAR MODI
COMPANY SECRETARY & LEGAL

Place: Mumbai
Date: 21st August, 2018



ANNEXURE TO NOTICE

Explanatory Statement as required under Section 102(1) of the Companies Act, 2013.

Item No. 3

In the 40th Annual General Meeting held on 29th September, 2017 Mr. Jagdish K. Valecha was re-appointed as Vice Chairman cum Managing Director for a period of 3 years with remuneration as under:

Particulars	11.06.2017 to 10.06.2018 (per month)	11.06.2018 to 10.06.2019 (per month)	11.06.2019 to 10.06.2020 (per month)
Salary	7,00,000	9,00,000	11,00,000
Perks and Incentive	2,00,000	2,00,000	2,00,000
Total	**9,00,000**	**11,00,000**	**13,00,000**

The company had made applications to the Ministry of Corporate Affairs (MCA) for the payment of remuneration as aforementioned. However, the company is yet to receive communication from MCA in this regard.

Out of the remuneration approved by the shareholders in their meeting held on 29th September, 2017, an amount of Rs. 88.04 lakhs for the period from 11th June, 2017 to 31st March, 2018 has been paid/provided and provision has been made for the period from 01st April, 2018 to 30th September, 2018.

Government inaction, delay in awarding projects, delays in clearances by various government agencies, inflationary pressures resulting in an all-round increase in costs especially of major construction materials, resulted in a squeeze on liquidity, higher interest costs leading to delays in projects, and delays in timely recoveries from clients. The impact led to pressures on the working capital and resulted in higher debt. There is no cost effective financing available for the longer duration which is the biggest challenge the infrastructure sector is facing today coupled with other issues. The Company is affected by these challenges which have in turn affected the profitability.

Mr. Jagdish K. Valecha continues to manage the affairs of the Company during such critical times and devotes all his time and effort in managing the Company's affairs. Under the guidance of Mr. Jagdish Valecha, the Company is now an ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007.

The management of the Company believes that the remuneration as previously approved by the members of the Company and paid/provided to Mr. Jagdish K. Valecha was justified in terms of his key role within the Company

Considering the above, the Nomination and Remuneration Committee and the Board have, at their respective meeting(s) held on 21st August, 2018, subject to the approval of the members of the Company, accorded their consent for waiver of the recovery of excess managerial remuneration paid/ provided by the Company to Mr. Jagdish Valecha.

Except for Mr. Jagdish K. Valecha to whom the resolution relates and to his relatives, none of the other Directors or Key Managerial Personnel of the Company or their respective relatives, are in any way concerned or interested in the aforementioned Special Resolution set out at Item no. 3 above.

The Board commends passing of the Special Resolution as set out in Item No. 3 for approval of the members.

Item No. 4

In the 40th Annual General Meeting held on 29th September, 2017 Mr. Dinesh Valecha was re-appointed as Whole Time Director for a period of 1 year with remuneration as under:

Particulars	01.08.2017 to 31.07.2018 (per month)
Salary	5,00,000
Perks and Incentive	83,333
Total	**5,83,333**

The company had made applications to the Ministry of Corporate Affairs (MCA) for the payment of remuneration as aforementioned. However, the company is yet to receive communication from MCA in this regard.

Out of the remuneration approved by the shareholders in their meeting held on 29th September, 2017, an amount of Rs. 47.90 lakhs for the period from 01st August, 2017 to 31st March, 2018 has been paid/provided and provision has been made for the period from 01st April, 2018 to 31st July, 2018

Government inaction, delay in awarding projects, delays in clearances by various government agencies, inflationary pressures resulting in an all-round increase in costs especially of major construction materials, resulted in a squeeze on liquidity, higher interest costs leading to delays in projects, and delays in timely recoveries from clients. The impact led to pressures on the working capital and resulted in higher debt. There is no cost effective financing available for the longer duration which is the biggest challenge the infrastructure sector is facing today coupled with other issues. The Company is affected by these challenges which have in turn affected the profitability.

The management of the Company believes that the remuneration as previously approved by the members of the Company and paid/provided to Mr. Dinesh Valecha was justified in terms of his key role within the Company

Considering the above, the Nomination and Remuneration Committee and the Board have, at their respective meeting(s) held on 21st August, 2018, subject to the approval of the members of the Company, accorded their consent for waiver of the recovery of excess managerial remuneration paid/ provided by the Company to Mr. Dinesh H. Valecha.

Except for Mr. Dinesh H. Valecha to whom the resolution relates and to his relatives, none of the other Directors or Key Managerial Personnel of the Company or their respective relatives, are in any way concerned or interested in the aforementioned Special Resolution set out at Item no. 4 above.

The Board commends passing of the Special Resolution as set out in Item No. 4 for approval of the members.

Item No. 5

In the 40th Annual General Meeting held on 29th September, 2017 Mr. Tarun Dutta was appointed as Whole Time Director for a period of 1 year with remuneration as under:

Particulars	26.06.2017 to 26.06.2018 (per month)
Salary	5,00,000
Perks and Incentive	83,333
Total	**5,83,333**

HRA will be paid separately

The company had made applications to the Ministry of Corporate Affairs (MCA) for the payment of remuneration as aforementioned. However, the company is yet to receive communication from MCA in this regard.

The remuneration approved by the shareholders in their meeting held on 29th September, 2017, has been paid for the period from 26th June, 2017 to 31st March, 2018 and from 01st April, 2018 to 26th June, 2018.

Government inaction, delay in awarding projects, delays in clearances by various government agencies, inflationary pressures resulting in an all-round increase in costs especially of major construction materials, resulted in a squeeze on liquidity, higher interest costs leading to delays in projects, and delays in timely recoveries from clients. The impact led to pressures on the working capital and resulted in higher debt. There is no cost effective financing available for the longer duration which is the biggest challenge the infrastructure sector is facing today coupled with other issues The Company is affected by these challenges which have in turn affected the profitability.

Mr. Tarun Dutta holds a degree in Bachelor of Engineering (B.E.-Civil) & Bachelor of Science (B.sc) specializing in advanced construction technology such as Tunnel, Road, Bridges, Hydropower and Irrigation projects. He has nearly three decades of experience in the Infrastructure sector. He has been associated with the Company as Senior President, Projects for the last 7 years. Mr. Tarun Dutta has been responsible for the overall construction activity along with Business Development, Estimation and Tendering. Under his supervision, the company has executed many prestigious projects throughout India. Considering his contribution, he was elevated to the position of Whole Time Director on 26th June, 2017.

The management of the Company believes that the remuneration as previously approved by the members of the Company and paid to Mr. Tarun Dutta was justified in terms of his key role within the Company.

Considering the above, the Nomination and Remuneration Committee and the Board have, at their respective meeting(s) held on 21st August, 2018, subject to the approval of the members of the Company, accorded their consent for waiver of the recovery of excess managerial remuneration paid by the Company to Mr. Tarun Dutta.

Except for Mr. Tarun Dutta to whom the resolution relates, none of the other Directors or Key Managerial Personnel of the Company or their respective relatives, are in any way concerned or interested in the aforementioned Special Resolution set out at Item no. 5 above.

The Board commends passing of the Special Resolution as set out in Item No. 5 for approval of the members.

Item No. 6

The Board of Directors of the Company, at its meeting held on 21st August, 2018, 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 2018-19 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 2018-19.

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: 21st August, 2018

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 41st Annual Report and the Audited Statement of Accounts for the year ended **31st March, 2018**.

Financial Highlights (Standalone)	Rs. In Crores	
	2017-18	**2016-17**
Revenue from Operations	207.80	410.93
Other Income	67.69	39.17
Total Revenue	**275.49**	450.10
Profit before Interest, Depreciation, Exceptional Items and Tax	41.85	28.63
Less: Finance Cost	67.16	71.05
Profit before Depreciation, Exceptional Items and Tax	(25.31)	(42.42)
Less: Depreciation and Amortization Expenses	10.14	14.76
Loss before Exceptional Item and Tax	**(35.45)**	(57.18)
Exceptional Item	**-**	-
Loss before Tax	**(35.45)**	(57.18)
Provision for Tax (Including earlier Year Taxation)	1.66	0.75
Loss after Tax	**(37.11)**	(57.93)
Other comprehensive income/(loss) for the year	(2.68)	(2.12)
Total comprehensive income for the year	**(39.79)**	(60.05)
Retained Earnings- Opening Balance	**(106.55)**	(48.62)
Add: Loss for the Year	(37.11)	(57.93)
Retained Earnings- Closing Balance	**(143.66)**	(106.55)

1. **Share Capital:**

   The paid up Equity Share Capital as on 31st March, 2018 was Rs. 22.53 Crores.

2. **Dividend:**

   In view of the loss incurred during the year under review, the Board regrets its inability to recommend any dividend for the year ended 31st March, 2018.

3. **Reserves:**

   Since the Company has made losses during the year, no amount is being transferred to reserves.

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

   Standalone

   The Company has achieved a turnover of Rs 207.80 crores as at 31st March, 2018 against Rs 410.93 crores resulting into a decrease by 49.43%. The Company has incurred Loss after Tax of Rs 37.11 crores against the Loss after Tax of Rs 57.93 crores in the previous year.

   Consolidated

   The Company has achieved a consolidated turnover of Rs 252.64 crores as at 31st March, 2018 against Rs 452.31 crores resulting into a decrease by 44.14%. The company has incurred a consolidated Loss after Tax of Rs 225.18 crores against the Loss after Tax of Rs 201.20 crores in the previous year.

5. **Fixed Deposits:**

   As on the 31st March, 2018, fixed deposits stood at Rs. 29.03 crores as against Rs. 34.68 crores in the previous year

   Details relating to deposits covered under The Companies (Acceptance of Deposits) Rules, 2014 for the Financial Year 2017-18 are as follows:

   - Deposit accepted/renewed during the year: **Nil**
   - Deposit remained unpaid/unclaimed at the end of the year: Rs. 29.03 crores

   Despite the financial crunch and difficulties faced by the Company, the Company is making efforts to repay the FD 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)

	2017 - 2018	2016-17
Foreign Exchange Outgo	NIL	0.01
Foreign Exchange Earned	NIL	NIL

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

As on 31st March, 2018, 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.valechaeng.com. 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. Kanu Doshi Associates LLP (FRN: 101248W/W-100022), Chartered Accountants, who were appointed as the Statutory Auditors of the Company for a term of five years, from the conclusion of the 40th Annual General Meeting till the conclusion of the 45th Annual General Meeting, conducted the Statutory Audit for the year 2017-18. The Independent Auditors Report to the members of the Company in respect of the Standalone and Consolidated Financial Statements for the year ended 31st March, 2018 form part of this Annual Report.

Statutory Auditors' Remarks

Note No. 42 - 48 of Notes to Standalone Financial Statement provide clarification to the Auditors' opinion in point (a) to (g) of the Audit report (Standalone)

Note No. 48 - 54 of Notes to Consolidated Financial Statement provide clarification to the Auditors' opinion in point (a) to (g) 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 2018-19.

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 31st March, 2018. 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. Tarun Dutta and Mr. Dinesh Valecha who were appointed as Whole Time Directors by the shareholders in their meeting held on 29th September, 2017, ceased to be Directors on 25th June, 2018 and 31st July, 2018 respectively on the cessation of their appointed term of 1 year.

- **Appointment of Directors:**

The Board of Directors in its meeting held on 19th July, 2018 have appointed Mr. Tarun Dutta (DIN: 07867786) as Additional Director w.e.f. 19th July, 2018 and Mr. Dinesh Valecha (DIN: 00012945) as Additional Director w.e.f. 01st August, 2018 to hold office till the ensuing Annual General Meeting.

- **Retirement by Rotation**

In accordance with the requirement of the Companies Act, 2013, Mrs. Sonal Jitiya (DIN: 00668047) Non-Executive Woman Director, liable to retire by rotation at the ensuing Annual General Meeting, being eligible, offers herself for re-appointment.

Declaration by Independent Directors:

Mr. Arvind Thakkar and Mr. Ketan Gandhi, 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 2017-18 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 loss incurred, 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) The remuneration paid to the Executive Directors of the Company is approved by the Board of Directors on the recommendations of the Nomination and Remuneration Committee.

b) The remuneration to be paid to the Managing Director and Whole Time Directors shall be in accordance with the limits/conditions laid down in Schedule V of the Companies Act, 2013.

c) 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 Director is Rs. 5,000/- 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:**

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.

26. **Transfer Of Shares To Investor Education Protection Fund:**

In accordance with the provisions of the Section 124(6) and Rule 6(3)(a) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules), the Company is required to transfer 21,650 equity shares of ` 10 each held by 68 shareholders to IEPF. The said shares correspond to the dividend which has remained unclaimed for a period of seven consecutive years from the financial year 2009-10. Subsequent to the transfer, the concerned shareholders can claim the said shares along with the dividend(s) from IEPF in accordance with the prescribed procedure and on submission of such documents as prescribed under the IEPF Rules.

The Company has already sent a specific communication to the concerned shareholders at their address registered with the Company and also published notice in Business Standard and Mumbai Lakshadeep providing the details of the shares due for transfer and to enable shareholders to take appropriate action. The concerned shareholders can approach the Company or its Registrar & Transfer Agent with necessary documents supporting their claims.

27. **Risk Management:**

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

28. **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

29. **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 31st March, 2018, 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 2017-18 and of the profit for the year ended 31st March, 2018.

(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 31st March, 2018 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.

30. **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

DINESH VALECHA	**JAGDISH VALECHA**
Director	Vice Chairman cum Managing Director

Place: Mumbai
Date : 21st August, 2018

ANNEXURE A

FORM NO MR-3

SECRETARIAL AUDIT REPORT

FOR THE PERIOD 01.04.2017 TO 31.03.2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,

VALECHA ENGINEERING LIMITED

Regd. Office - "Valecha Chambers", 4th Floor,

Plot No. B-6, Andheri New Link Road,

Andheri (West), Mumbai – 400 053

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, 2017 to 31st March, 2018**, 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 period **1st April, 2017 to 31st March, 2018** 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 the 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)**
- **e.** The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;
- **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.
- **g.** The Securities and Exchange Board of India (Delisting of equity shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
- **h.** The Securities and Exchange Board of India (Buyback of Securities Regulations, 1998;**(Not applicable to the Company during the Audit Period)**

(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, 1972.
2. Maharashtra Building and Other Construction workers (Regulation of Employment and Conditions of Service) Rules, 2007.
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

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

- **a)** Secretarial Standards issued by The Institute of Company Secretaries of India.
- **b)** The securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except following observations:

1. *The Company has defaulted in payment to Fixed Deposit holders.*
2. *The Company has not filed Return of Foreign Liability & Assets Statement (FLA) and Annual Performance Report with respect to its Foreign Subsidiary to Reserve Bank of India (RBI) for the F. Y. 2017-18, as required in terms of RBI circular no. 145 dated 18/06/2014.*
3. *The Company has delayed in filing of Quarterly/Yearly Financial Statements with Stock Exchanges for which it has sought waiver of penalty from National Stock Exchange of India and BSE Limited.*

4. *During the year, the Company has paid remuneration above limits to its directors for which reply from Central Government for filed form MR-2 is pending.*
5. *The Company is yet to receive form MBP-1 i.e. Disclosure of Interest under Section-184 of Companies Act, 2013 from its Executive Non-Independent Director Mr. Jagdish K. Valecha (Vice-Chairman cum Managing Director) for Financial Year 2017-18.*
6. *During the year, the Company has adjourned its Board Meeting held on 14th February, 2018 on 19th February, 2018 and held the adjourned meeting before expiry of 7 days as contemplated under Section 174(4) of the Companies Act, 2013*

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 is 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.

We further report that during the reporting period, following changes took place in the management of the Company:

i) Mr. Jagdish K. Valecha was re-appointed as Vice-Chairman cum Managing Director (KMP) of the Company with approval of shareholders in Annual General Meeting.

ii) Mr. Tarun Dutta was appointed as an Additional Director and Whole Time Director (KMP) on 26.06.2017 with approval of shareholders in Annual General Meeting.

iii) Mr. Dinesh Valecha was re-appointed as Whole Time Director (KMP) of the Company with approval of shareholders in Annual general Meeting.

iv) Mr. Ketan Gandhi was appointed as an Independent Director in Annual general Meeting.

v) Mrs. Sonal Jitiya was appointed as Non-Executive Director in Annual General Meeting.

For Ragini Chokshi & Co.
(Company Secretaries)

Mr. Makarand Patwardhan
(Partner)
C.P.NO. 9031
ACS NO. 11872

Place: Mumbai
Date : 14.08.2018

Annexure A'

To
The Members
VALECHA ENGINEERING LIMITED
Valecha Chambers, 4th Floor,
Plot No. B-6, AndheriNew Link Road,
Andheri (West), Mumbai – 400 053

Our Report of even date is to be read along with this letter:

1. 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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. 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)

Mr. Makarand Patwardhan
(Partner)
C.P.NO. 9031
ACS NO. 11872

Place: Mumbai
Date : 14.08.2018

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]

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 31.03.2018

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	5th 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, 4th 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 Limited, 6-10 Haji Moosa Patrawala Industrial, Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011. Tel : 022-6617855/26178548

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.	**Valecha Infrastructure Limited** Valecha Chambers, 4th Floor, New Link Road, Andheri (West), Mumbai-400 053	U55101MH1995PLC084399	Wholly Owned Subsidiary Company	100%	2(87)(ii)
2.	**Professional Realtors Private Limited** Valecha Chambers, 4th Floor, New Link Road, Andheri (West), Mumbai-400 053	U45400MH2007PTC169197	Wholly Owned Subsidiary Company	100%	2(87)(ii)
3.	**Valecha LM Toll Private Limited** Valecha Chambers, 4th Floor, New Link Road, Andheri (West), Mumbai-400 053	U74900MH2010PTC202289	Subsidiary Company	74%	2(87)(ii)
4.	**Valecha Badwani Sendhwa Toll Ways Limited** Valecha Chambers, 4th Floor, New Link Road, Andheri (West), Mumbai-400 053	U45203MH2011PLC215905	Subsidiary Company	74%	2(87)(ii)
5.	**Valecha Kachchh Toll Roads Limited** Valecha Chambers, 4th Floor, New Link Road, Andheri (West), Mumbai-400 053	U45203MH2011PLC219600	Subsidiary Company	58%	2(87)(ii)
6.	**Valecha International (FZE)**	-	Subsidiary	100%	2(87)(ii)
7.	**Valecha Realty Limited** Valecha Chambers, 4th Floor, New Link Road, Andheri (West), Mumbai-400 053	U70109MH2007PLC175404	Associate Company	49.90%	2(6)
8.	**Bhubaneshwar Expressways Private Limited** 37-38, Jain Bhawan 12, Bhagat Singh Marg, New Delhi -110001	U45200DL2010PTC205121	Associate Company	26%	2(6)
9.	**Aryavrat Tollways Private Limited** 1-A, Zee Plaza, Arjun Nagar, Safdarjung Enclave, Kamal Cinema Road, New Delhi -110029	U45203MP2012PTC029314	Associate Company	42.61%	2(6)

V. 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 01.04.2017				No. of Shares held at the end of the year .i.e 31.03.2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	A. Promoters									
(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	6,932,673	0	6,932,673	30.77	6,932,673	0	6,932,673	30.77	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
	Sub-Total (A) (1)	**7,005,180**	**0**	**7,005,180**	**31.09**	**7,005,180**	**0**	**7,005,180**	**31.09**	**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
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)	**7,005,180**	**0**	**7,005,180**	**31.09**	**7,005,180**	**0**	**7,005,180**	**31.09**	**0.00**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds / UTI	0	10,012	10,012	0.04	0	10,012	10,012	0.04	0.00
(b)	Financial Institutions / Banks	180	0	180	0.00	2,692	0	2,692	0.01	0.01
(c)	Cental 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	699,772	0	699,772	3.11	699,772	0	699,772	3.11	0.00
(f)	Foreign Institutional Investors	521,287	0	521,287	2.31	0	0	0	0.00	-2.31
(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			

	Category of Shareholders	No. of Shares held at the beginning of the year .i.e 01.04.2017				No. of Shares held at the end of the year .i.e 31.03.2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Foreign Institutional Investors - DR	371,250	0	371,250	1.65	0	0	0	0.00	-1.65
	Foreign Portfolio Investors - Corp	3,000,000	0	3,000,000	13.32	3,892,537	0	3,892,537	17.28	3.96
Sub-Total (B) (1)		**4,592,489**	**10,012**	**4,602,501**	**20.43**	**4,595,001**	**10,012**	**4,605,013**	**20.44**	**0.01**
(2)	**Non-Institutions**									
(a)	Bodies Corporate									
i)	Indian	1,249,403	59,356	1,308,759	5.81	1,139,775	0	1,139,775	5.06	-0.75
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	5,683,963	175,242	5,859,205	26.01	5,708,326	175,352	5,883,678	26.11	0.11
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3,492,959	141,073	3,634,032	16.13	3,633,796	141,073	3,774,869	16.75	0.63
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other									
(i)	Trust	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Directors & their relatives	120,348	0	120,348	0.53	120,348	0	120,348	0.53	0.00
(iii)	IEPF	0	0	0	0.00	1,162	0	1,162	0.01	0.01
Sub-total (B) (2)		**10,546,673**	**375,671**	**10,922,344**	**48.48**	**10,603,407**	**316,425**	**10,919,832**	**48.47**	**-0.01**
Total Public Shareholding (B) = (B)(1)+(B)(2)		**15,139,162**	**385,683**	**15,524,845**	**68.91**	**15,198,408**	**326,437**	**15,524,845**	**68.91**	**0.00**
TOTAL (A)+(B)		**22,144,342**	**385,683**	**22,530,025**	**100.00**	**22,203,588**	**326,437**	**22,530,025**	**100.00**	**0.00**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**									
(1)	**Promoter and Promoter Group**	0	0	0	0.00	0	0	0	0.00	0.00
(2)	**Public**	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)		**22,144,342**	**385,683**	**22,530,025**	**100.00**	**22,203,588**	**326,437**	**22,530,025**	**100.00**	**0.00**

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

Sr. no.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			Net Changes	% 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.	6,932,249	30.77	18.38	6,932,249	30.77	18.38	0	0.00
2	K P Valecha (HUF)	0	0.00	0.00	0	0.00	0.00	0	0.00
3	Madanlal Lilaram Valecha	0	0.00	0.00	0	0.00	0.00	0	0.00
4	Pavitra Ramchandra Valecha	7,169	0.03	0.00	7,169	0.03	0.00	0	0.00
5	Ramchand Hemandas Valecha	21,481	0.10	0.00	21,481	0.10	0.00	0	0.00
6	Geeta Prakash Valecha	0	0.00	0.00	0	0.00	0.00	0	0.00
7	Kavita Vasudev Valecha	2,862	0.01	0.00	2,862	0.01	0.00	0	0.00
8	Sharda Hariram Valecha	10,125	0.04	0.00	10,125	0.04	0.00	0	0.00
9	Vasudev Pyarelal Valecha (HUF)	9,112	0.04	0.00	9,112	0.04	0.00	0	0.00
10	Alka Vasudev Valecha	1,948	0.01	0.00	1,948	0.01	0.00	0	0.00
11	Lata Vasudev Valecha	6,199	0.03	0.00	6,199	0.03	0.00	0	0.00
12	Dinesh H Valecha - Karta For Hariram Pyarelal Valecha (Huf)	4,500	0.02	0.00	4,500	0.02	0.00	0	0.00
13	Bhavana Ramchand Valecha	3,375	0.01	0.00	3,375	0.01	0.00	0	0.00
14	Dinesh Valecha	2,812	0.01	0.00	2,812	0.01	0.00	0	0.00
15	Umesh Hariram Valecha	2,587	0.01	0.00	2,587	0.01	0.00	0	0.00
16	Gopaldas Vasudev Construction Pvt. Ltd.	424	0.00	0.00	424	0.00	0.00	0	0.00
17	Geeta Dinesh Valecha	337	0.00	0.00	337	0.00	0.00	0	0.00
		7,005,180	**31.09**	**18.38**	**7,005,180**	**31.09**	**18.38**	0	**0.00**

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

Srno	Name	No of shares as on 31.03.2017	No of shares as on 31.03.2018	Net Changes	% to Capital
1	Hypnos Fund Limited	20,00,000	20,00,000	0	0.00
2	Em Resurgent Fund	10,00,000	10,00,000	0	0.00
3	Orange Mauritius Investments Limited	8,92,537	8,92,537	0	0.00
4	General Insurance Corporation Of India	6,99,772	6,99,772	0	0.00
5	Hitesh Ramji Javeri	5,06,226	6,75,226	1,69,000	0.75
6	Mahesh Awatrai Bhojwani	6,08,118	5,24,015	-84,103	-0.37
7	Harsha Hitesh Javeri	4,25,000	4,50,000	25,000	0.11
9	Darshana Umakant Rege	3,00,000	3,00,000	0	0.00
10	Globe Capital Market Ltd	2,50,700	2,48,750	-1950	-0.01
11	Sanjay R. Chhabria	2,25,000	2,25,000	0	0.00
12	Soni Gopal Valecha	1,36,100	1,36,100	0	0.00

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2017)		Shareholding at the end of the year (as on 31.03.2018)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Jagdish Kishanchand Valecha	0	0.00	0	0.00
2	Dinesh H Valecha	2,812	0.01	2,812	0.01
3	Arvind Maganlal Thakkar	120,348	0.53	120,348	0.53
4	Ketan Harshadrai Gandhi	800	0.00	800	0.00

VI. 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
Indebtedness at the beginning of the financial year				
i) Principal Amount	381.38	1.25	34.68	417.31
ii) Interest due but not paid	25.43	-	2.94	28.37
iii) Interest accrued but not due		-	-	-
Total (i+ii+iii)	**406.81**	**1.25**	**37.62**	**445.68**
Change in Indebtedness during the financial year				
* Addition	126.28	-	-	126.28
* Reduction	(5.00)	(1.25)	(5.97)	(12.22)
Net Change	**121.28**	**(1.25)**	**(5.97)**	**114.06**
Indebtedness at the end of the financial year				
i) Principal Amount	413.55	-	29.03	442.58
ii) Interest due but not paid	114.54	-	2.62	117.16
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**528.09**	**-**	**31.65**	**559.74**

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In Crores)

Sr. No.	Particulars of Remuneration	Name of MD/WTD			Total Amount
		Jagdish Valecha Vice Chairman cum Managing Director	Dinesh Valecha Whole Time Director	Tarun Dutta Whole Time Director (w.e.f. 26.06.17)	
1	Gross salary	0.82	0.54	0.53	**1.89**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.21	0.08	0.01	**0.30**
	(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	0.10	0.06	0.02	**0.18**
	TOTAL	1.13	0.68	0.56	**2.37**

B. Remuneration to other directors

(Rs. In Crores)

Sr. No.	Particulars of Remuneration	Arvind Thakkar	Sonal Jitiya	Ketan Gandhi	Total
1	Independent Directors	0.001	0.0105	0.0105	**0.022**
	Fee for attending Board & Audit committee meetings				
	Commission				
	Others, please specify				
	Total (1)	**0.001**	**0.0105**	**0.0105**	**0.022**
2	Other Non-Executive Directors				
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	Total (2)				
	Total (B)=(1+2)	**0.001**	**0.0105**	**0.0105**	**0.022**

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

(Rs. In Crores)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**Company Secretary**	**Chief Financial Officer**	**Total**
1	Gross salary	-	0.14	0.15	**0.29**
	(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, please specify	-	-	-	-
	Total	**-**	**0.14**	**0.15**	**0.29**

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) Executive Directors	2 (Two) Non-Executive Independent Directors	1 (One) Non- Executive Director

The Board is headed by Mr. Arvind Thakkar, Independent and Non-Executive Chairman.

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 2017-2018, the Board met 9 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:

13th June, 2017, 26th June, 2017, 07th August, 2017, 16th August, 2017, 21st September, 2017, 26th October, 2017, 14th December, 2017,19th February, 2018, 15th March, 2018.

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	02208108	2	Not Attended	-	3	2
Mr. J. K. Valecha	Executive & Non-Independent	00013070	9	Attended	2	-	-
Mr. D. H. Valecha	Executive & Non-Independent	00012945	5	Attended	2	-	-
Mr. Ketan Gandhi	Non-Executive & Independent	00650579	9	Attended	2	3	1
Mrs. Sonal V. Jitiya	Non-Executive	00668047	9	Attended	-	3	-
Mr. Tarun Dutta	Executive & Non-Independent	07867786	7	Not Attended	-	-	-

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:

i. Overseeing of the Company's financial reporting process and disclosure of financial information and financial/risk management policies.

ii. Review of Quarterly and Annual Financial Statements ensuring compliance with regulatory guidelines and auditors report thereon.

iii. 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	Non-Executive Independent Director	Chairman
Mr. Ketan Gandhi	Non-Executive Independent Director	Member
Mrs. Sonal Jitiya	Non-Executive Director	Member

Meetings of the Audit Committee:

The Audit Committee met 5 times during the year 2017-18 on 28th July, 2017, 16th August, 2017, 21st September, 2017, 14th December, 2017 and 19th February, 2018.

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

Name of Director	Position	Attendance at Meetings
Mr. Arvind Thakkar	Chairman	-
Mr. Ketan Gandhi	Member	5
Mrs. Sonal Jitiya	Member	5

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. Ketan Gandhi	Non-Executive Independent Director	Chairman
Mr. Arvind Thakkar	Non-Executive Independent Director	Member
Mrs. Sonal Jitiya	Non-Executive Director	Member

The Nomination and Remuneration Committee was re-constituted on 07th August, 2017, where Mr. Ketan Gandhi was appointed as Chairman of the Committee

The Company Secretary acts as the Secretary to the meeting

Remuneration policy and Remuneration paid to Directors:

The Non-Executive Directors were paid sitting fees of Rs. 5,000/- for each Board Meeting, Audit Committee Meeting, Nomination and Remuneration Committee Meeting and Stakeholder Relationship Committee Meeting attended.

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. in Crores)

Sr. No.	Name of Directors	Shareholding as on 31.03.2018	Salary and Perquisites	Sitting Fees	Commission	Total
1.	Mr. Jagdish K. Valecha	0	1.13	-	-	1.13
2.	Mr. Dinesh H. Valecha	2,812	0.68	-	-	0.68
3.	Mr. Tarun Dutta (w.e.f. 26.06.17)	0	0.56	-	-	0.56
4.	Mr. Arvind Thakkar	1,20,348	-	0.001	-	0.001
5.	Mr. Ketan Gandhi	800	-	0.0105	-	0.0105
6.	Mrs. Sonal V. Jitiya	-	-	0.0105	-	0.0105
	Total	**-**	**2.37**	**0.022**	**-**	**2.392**

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 07th August, 2017 *inter alia*, to:

a) Review the performance of Non-Independent Directors and the Board as a whole;

b) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors

c) 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 31st March, 2018, were duly addressed by the Company/Registrar & Transfer Agent, **TSR Darashaw 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	Non-Executive Independent Director	Chairman
Mr. Ketan Gandhi	Non-Executive Independent Director	Member
Mrs. Sonal Jitiya	Non-Executive 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 6 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
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, Oricon 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		
28.12.2016	11:00 a.m.	-	-	M. C. Ghia Hall, K. D. Marg, Kala Ghoda, Mumbai - 400 001
30.09.2015	4:00 p.m.	Payment of remuneration to Mr. Jagdish Valecha	196,197,198 & 203	Sunville Banquet Hall, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018
		Payment of remuneration to Mr. Dinesh Valecha		
		Payment of remuneration to Mr. Umesh Valecha		

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 Director's 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.valechaeng.com". All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and a declaration to this effect signed by the Managing Director 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 **31.03.2018** have been obtained from the Directors and Senior Management Personnel of the Company.

For and on behalf of the Board

For VALECHA ENGINEERING LIMITED

Date : 19th July, 2018 | **JAGDISH K. VALECHA**

Place : Mumbai | Vice Chairman cum Managing Director

17. VEL Code of Conduct for Prevention of Insider Trading:

The Company has adopted a Code of Conduct for prevention of Insider Trading. This Code of Conduct is applicable to all Board Members and Senior Official of the Company.

18. General Shareholder Information:

41st Annual General Meeting	**Day & Date :** Saturday 29th September, 2018 **Time** : 03:00 p.m. **Venue : Babasaheb Dahanukar Sabhagriha** Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda Fort, Mumbai - 400 001	
Financial Calendar	April to March (Financial year) First Quarter Results – 1st/2nd week of August Second Quarter Results – 1st/2nd week of November Third Quarter Results – 1st/2nd week of February Annual Audited Result – Last week of May	
Book Closure	Saturday, 22nd September, 2018 to Saturday, 29th September, 2018	
Listing on Stock Exchange	**BSE Limited**	**National Stock Exchange of India Limited**
a) Stock Code No.	532389	VALECHAENG
b) Code on Screen	532389	VALECHAENG
Disclosure on suspension of trading	w.e.f. 29th November, 2016 for Non-submission of Audited/Unaudited Results for the year ended 31st March, 2016 and Quarter ended 30th June, 2016.	
Details of Non-Compliance by the listed entity, penalties and strictures imposed on the listed entity by the stock exchange during the last three years	The National Stock Exchange of India Limited vide its letter dated 07th August, 2018 granted the waiver of penalty for Non-Compliance of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015. The Company is awaiting communication in this regard from BSE Limited.	

Registrar and Transfer Agents	**TSR Darashaw Limited** **CIN:** U67120MH1985PLC037369 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 31st March, 2018.

Shareholding of Nominal Value		Shareholders		Share Amount	
Rs.	Rs.	No.	% to Total	Rs.	% to Total
1	5,000	11,971	81.76	1,84,03,600	8.17
5,001	10,000	1,332	9.10	1,08,51,440	4.82
10,001	20,000	672	4.59	1,02,45,270	4.55
20,001	30,000	243	1.66	62,12,520	2.76
30,001	40,000	107	0.73	38,09,460	1.69
40,001	50,000	87	0.59	41,29,940	1.83
50,001	1,00,000	137	0.94	1,01,83,370	4.52
1,00,001	Above	93	0.64	16,14,64,650	71.67
TOTAL		**14,642**	**100.00**	**22,53,00,250**	**100.00**

Shareholding Pattern as on 31.03.2018			
Sr. No.	**Category**	**No. of Shares**	**%**
1.	Promoters (Promoter group)	70,05,180	31.09
2.	NRI's	10,67,311	4.74
3.	Bodies Corporate	11,39,775	5.06
4.	Financial Institutions/Mutual Fund	7,12,476	3.16
5.	Foreign Institution Investors	38,92,537	17.28
6.	**Others:**		
	Independent Directors	1,20,348	0.53
	Shares held by Custodians issued against GDRs	-	-
	Indian Public	85,91,236	38.13
	Investor Education Protection Fund	1,162	0.01
	TOTAL	**2,25,30,025**	**100.00**

* Dematerialization of Shares: As on 31st March, 2018, 98.29% of the Company's total shares representing 2,21,44,232 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 ISININE624C01015

   * 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 investor.relations@valecha.in

For and on behalf of the Board
For VALECHA ENGINEERING LIMITED

Place: Mumbai
Date: 21st August, 2018

DINESH VALECHA
Director

JAGDISH K. VALECHA
Vice Chairman cum Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members

VALECHA ENGINEERING LIMITED Mumbai.

We have examined the compliance of conditions of Corporate Governance ***VALECHA ENGINEERING LIMITED,*** ("the Company"), for the year ended on **March 31, 2018,** as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulation 2015").

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations 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 complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of SEBI (LODR) Regulation,

We further state that such compliance 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.
(Company Secretaries)

(Ragini Chokshi)
Partner
C.P.No.1436
FCS No.2390

Place: Mumbai
Date: 14.08.2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Economy 2017

In 2017, global economic growth reached 3 percent the highest growth rate since 2011. The growth is expected to remain steady for the coming year. The improved global economic situation provides an opportunity for countries to focus policy towards longer-term issues such as low carbon economic growth, reducing inequalities, economic diversification and eliminating deep-rooted barriers that hinder development.

Development and Opportunities in the Domestic Market

The infrastructure sector is a key driver of the Indian Economy. During the year 2017 and 2018, there has been a significant push from the Government. Meeting the expectations of the infrastructure sector, the government has proposed several schemes and allocated plenty of funds and support for the improvement of the nation in terms of infrastructure such as:

- Railways, roadways, airways along rail and road linkages and Defense and Connectivity infrastructure received major emphasis.
- Upgradation and renovation work to be conducted for the improvement of 600 railway stations in India.
- New tunnel in Sera Pass will be built in order to promote tourism in India, especially in the north-eastern part of the country.
- Under road infrastructure, plans for completion of 9,000 km of National Highway and 3.7 lakh km rural road construction plan.
- The AHF has been established to give a boost to affordable housing projects. Safe harbor of up to 5% has been proposed where the value of stamp duty exceeds the transaction value for transfer of real estate assets.

Threats

Owing to the nature of the industry the Company operates in, it is exposed to a variety of risk factors which are broadly categorized into financial, technical, construction, policy and political, market and legal. A tight risk process is carried out from pre-bid to project completion stage to manage, mitigate and monitor these risks by adopting specific risk mitigation measures. During the year, the Board has reviewed the process and the Risks that have already been identified for the business and necessary action for mitigation has been initiated.

Regulatory & Political Risk: The Company functions in a dynamic and ever changing business environment, wherein any sudden withdrawal or cancellation of policy can have an adverse impact on the business's overall operations.

Increasing Competition Heightened: Competition results in increased bidding for projects which in turn forces Companies to bid for projects at unviable margins. In addition, increased competition can have a negative impact on profitability owing to lower revenue generation and greater operating cost.

Outlook

The Company has been going through a challenging time over the past few years. Debt commitments in terms of interest expenses kept on mounting leading to tightening of liquidity position and profitability erosion of the business. However, in a bid to revive the business and restore its financials the Company has undertaken a series of measures directed towards improving its operational efficiencies, cutting down on expenses and negotiating with the bankers for securing better terms on existing debt.. The Company's strategic initiatives are also ably supported by improving macro environment on the back of supportive policies of the government. The Company is optimistic that the above factors will help it emerge as a stronger and more focused EPC player. The future looks even more bullish for various reasons. The increasing demands on infrastructure will see the implementation of mega and complex projects. The Company is tying up with JV partners to bid for new projects. The company has bagged projects worth Rs. 1633.02 crores as on the date of this report

Internal Control System

As per the provisions of the Companies Act, 2013, internal controls and documentation are in place for all the operations and activities of the Company.

The Company has an adequate system of internal control to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly, financial and other data are reliable for preparing financial information and other data and for maintaining accountability of assets. The internal control is supplemented by extensive programme of internal audits, review by management, documented policies, guidelines and procedures.

Financial and Operational Performance

The Company has achieved a turnover of Rs 207.80 crores against Rs 410.93 crores resulting into a decrease by 49.43%.

Human Resources

Human Capital is a key driver to the growth and success of Valecha Engineering Limited. HR functions at VEL, have been playing a significant role in planning, recruiting, deploying, training, managing and retaining the Human Resources.

The key HR strategies at VEL focus on optimizing individual and organizational efficiency by bringing the right talent and create a performance driven culture in the Company, where innovation is encouraged, performance is recognized and employees are motivated to realize their potential and provide a competitive advantage to the organization.

HR function co-creates all HR Strategies along with Senior Management Team and Board of Directors to facilitate and influence Change, attract talent and build capabilities.

Human Resource is recognized as the most valuable asset of the Company that plays a vital role in attaining success for the organization today and in the years to come.

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 Standalone Ind AS Financial Statements

We have audited accompanying standalone Ind AS financial statements of **VALECHA ENGINEERING LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income) and Cash Flow Statement and the Statement for Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these Standalone Ind AS Financial Statements.

Basis for Qualified Opinion:

a. As stated in Note No. 42 to the Standalone Ind AS Financial Statements, the Company has not evaluated expected credit loss provision as required under Ind AS 109 "Financial Instruments" for loans and advances aggregating to Rs 226.97 Crores given to three of its subsidiaries and one step-down subsidiary. The Company has extended Corporate Guarantee aggregating to Rs 643.86 Crores to Banks/Financial institution on behalf of these subsidiaries (including one step-down subsidiary) for which guarantee income of Rs 9.20 Crores and Rs 12.88 Crores for the year ended March 31, 2018, respectively have been recognized. 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 March 31, 2018. In the absence of detailed information, we are unable to comment upon its impairment provision, if any, and corresponding impact on the loss of the year.

   Further, the Company has also invested Rs 26.95 Crores in three of its Associate Companies for which financial statements are not made available by the Management, in the absence of the information and financial statements; we are unable to comment upon its impairment provision, if any.

b. As stated in Note No. 43 to the Standalone Ind AS Financial Statements, the Company has not provided for interest amounting to Rs. 3.91 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 year.

c. As stated in Note. 44 to the Standalone Ind AS Financial Statements, the Company has not repaid deposits (including unpaid interest upto March 2017 - Rs. 2.62 Crores) amounting to Rs. 31.65 Crores as at March 31, 2018 as per the contractual terms and repayment schedule / order passed by the Company Law Board – New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO. 05(MB) 2016). Further, the Company has also not provided penal interest and fine as levied under rule 21 of (Acceptance of Public Deposit) Rules, 2014.

   Further in the absence of detailed information and computation of penal interest pertaining to previous years, if any, we are unable to comment upon its impact on the loss of the year.

d. As stated in Note. 45 to the Standalone Ind AS Financial Statements, 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. 243.86 Crores which includes Rs. 160.30 Crores pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities. Also, the Company has not evaluated whether any impairment provision is required for ECL in accordance with Ind AS mentioned above for loans extended to various related parties amounting to Rs. 0.94 Crores as at March 31, 2018. In the absence of relevant information, third party confirmation/reconciliation and detailed working, we are unable to comment upon its recoverability and corresponding impact of impairment on the loss of the year, if any.

e. We did not audit the books of accounts of two project sites due to unavailability of supporting documents and records which includes total revenue of Rs 30.63 Crores, Net Loss of Rs 18.59 Crores and Net Assets of Rs 23.01 Crores. Hence, we are unable to comment its impact on the loss and corresponding total assets and liabilities of the Company as at and for year ended March 31, 2018, had the said units been audited by us. Refer note. 46 to the Standalone Ind AS Financial Statements.

f. We did not audit total assets and total Liabilities of Rs 120.46 Crores and Rs 79.25 Crores respectively included in the Statement which pertains to seventeen project sites of the Company. The Company has not accounted for any transactions during the year for these sites, as it does not have any information and relevant documents to account for the same. In view of that, we are unable to comment upon resultant impact, if any on loss of the year and net assets as at March 31, 2018 of the Company, had the said units been audited by us. Refer note. 47 to the Standalone Ind AS Financial Statements.

g. As stated in Note. 48 to the Standalone Ind AS Financial Statements, the Company has paid / provided managerial remuneration of Rs 1.98 Crores for which approval is sought from the Central Government vide form No. MR-2 dated 08/12/2017 and 28/03/2018. However, the same is subject to approval from Central Government.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) as at March 31, 2018, and its losses (financial performance including other comprehensive income), its cash flow and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to:

a. Note No. 49 to the Standalone Ind AS Financial Statements regarding write back of provision for expenses, wherein as per the Management, certain provision for expenses amounting to Rs. 18.97 Crores pertaining to previous years are no longer required to be paid, in view of the same this amount is adjusted during the year against corresponding expenses. Our opinion is not qualified in respect of this matter.

b. Note No. 50 to the Standalone Ind AS Financial Statements regarding 'Other Current Assets' as at March 31, 2018 which includes Rs 43.40 Crores receivable from various Government Authorities which are pending for assessments for which the Management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recovery. Our opinion is not qualified in respect of this matter.

c. Note No. 51 to the Standalone Ind AS Financial Statements which indicates that the Company has accumulated losses and its net worth has been substantially eroded, the Company has incurred a net loss/net cash loss during the year ended March 31, 2018 and, the Company's current liabilities exceeded its current assets as at the balance sheet date. Further, the Holding Company has defaulted in repayment of borrowing and payment of statutory dues and few banks have categorized its bank accounts as 'Non-performing Assets'. These conditions, along with other matters set forth in Note No. 51, 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. Our opinion is not qualified in respect of this matter.

d. Note No. 52 to the Standalone Ind AS Financial Statements regarding Internal Audit carried out for major project sites of the Company for the year ended March 31, 2018 for which reports are still awaited. Our opinion is not qualified in respect of this matter.

e. Note No. 53 to the Standalone Ind AS Financial Statements which states that Trade Receivables, Trade Payables and Loan and Advances are subject to confirmation and reconciliation.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Standalone Ind AS Financial Statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006. For the year ended March 31, 2017 and March 31, 2016 on which the predecessor auditor expressed an unmodified opinion vide audit report dated August 16, 2017 and December 1, 2016 respectively on those Standalone Financial Statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on other Legal and Regulatory Requirements

1. 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, obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Standalone Ind As Financial Statements.

   b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Standalone Ind As Financial Statements have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the statement of changes in equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the Standalone Ind As Financial Statements.

   d) Except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

   e) The Matters described in Basis for Qualified Opinion/Emphasis of Matters paragraphs, respectively, 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, as on March 31, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.

   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 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. a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 31 to the Standalone Ind AS Financial Statements;

      b) 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Kanu Doshi Associates LLP**
Chartered Accountants
Firm Registration Number: 104746W/W100096

Jayesh Parmar
Partner
Membership No: 45375

Place: Mumbai
Date: July 19, 2018

ANNEXURE A TO THE AUDITOR’S REPORT

Referred to in paragraph 2 of ‘**Report on other Legal and Regulatory Requirements’** in our Report of even date on the accounts of VALECHA ENGINEERING LIMITED for the year ended March 31, 2018

i. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

b) The fixed assets of the Company have not been physically verified by the Management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether the discrepancies, if any have been properly dealt with in the books of account.

c) According to the information and explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification between stock and book records.

iii. The Company has granted short-term interest-free unsecured loans to six subsidiaries (including 2 step-down subsidiaries) covered in the register maintained under Section 189 of the Act, and with respect to the same:

a. In our opinion the terms and conditions of such loans are not, prima facie, prejudicial to the Company’s interest;

b. The Company has granted short term interest-free unsecured loan which are payable on demand. Hence clause iii(b) and iii(c) are not applicable to the Company.

iv. According to information and explanation provided to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the companies Act, 2013.

v. According to the information and explanations given to us, during the year the Company has not accepted any deposit from the public. However, the Company has defaulted in repayment of Deposits accepted in previous years amounting to Rs. 29.03 Crores and cumulative interest thereon of Rs. 2.62 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. The Central Government has prescribed the maintenance of cost records under sub-Section (1) of Section 148 of the Companies Act, 2013 and *prima facie*, such accounts have been made and maintained by the Company. However, we have not reviewed such 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, value added tax, cess, Goods & Service Tax and any other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2018 for a period of more than six months from the date they became payable, except for the following:

Name of the Statute	Nature of Dues	₹ in crores	Period of Which the amount relates	Due Date	Remarks
Income Tax Act, 1961	TDS	0.50	April 2014 to March 2015	May 2014 to April 2015	Not Paid
	TDS	7.55	April 2015 to March 2016	May 2015 to April 2016	Not Paid
	TDS	2.19	April 2016 to March 2017	May 2016 to April 2017	Not Paid
	TDS	0.08	April 2017 to September 2017	May 2017 to October 2017	Not Paid
Total		**10.32**			
Finance Act, 1994	Service Tax	1.74	April 2016 to March 2017	May 2016 to April 2017	Not Paid
Total		**1.74**			
Provident Fund & Misc. Prov. Act 1952	Provident Fund-Employers Contribution	0.08	April 2015 to March 2016	May 2015 to April 2016	Not Paid
	Provident Fund-Employers Contribution	0.03	April 2016 to March 2017	May 2016 to April 2017	Not Paid
	Provident Fund-Employers Contribution	0.06	April 2017 to September 2017	May 2017 to October 2017	Not Paid
Total		**0.17**			

b) There were no disputed amounts payable in respect of provident fund, employees’ state insurance, income tax, sales tax, service tax, value added tax, cess, Goods & Service Tax and any other material statutory dues applicable to it.

viii. In our opinion and according to the information and explanations given to us, except for the loans, borrowings, and dues mentioned below, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. Further, the Company does not have any debentures issued / outstanding any time during the year.

(₹ in Crores)

Particulars	Amount Of Default		Total	Period Of Default
	Principal	Interest		
Term Loan				
Central Bank of India	35.98	13.04	49.02	30 to 914 Days
Syndicate Bank	58.16	19.71	77.87	30 to 821 Days
Yes Bank	14.68	1.84	16.52	1 to 396 Days
State Bank of Bikaner & Jaipur	12.08	3.47	15.55	30 to 731 Days
Machinery Loan				
SREI Equipment Finance Ltd	28.12	3.48	31.60	1 to 365 Days
Working Capital Facilities				
State Bank Of India	169.63	44.49	214.12	30 to 733 Days
Axis Bank Ltd	71.67	22.95	94.62	30 to 731 Days
Canara Bank	22.81	1.92	24.73	30 to 903 Days
Fixed Deposits From Public	29.03	2.62	31.65	1 to 1308 Days
Total	**442.16**	**113.52**	**555.68**	

ix. The Company has not raised any money by way of public issue/ further offer including debt instruments.

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, except for the following instance of fraud on the Company:

a. The Company has received order from Securities and Exchange Board of India (SEBI) on January 5, 2016 under section 11, 11B and 11(4) of the SEBI Act, 1992 Regulation 11 of the SEBI (Prohibition of Fraudulent And Unfair Trade Practices Relating to Securities Market) Regulations, 2003, which has restrained the Company from raising capital from public and further prohibit from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner, whatsoever, for the period of three years from the date of Order.

xi. The managerial remuneration paid by the Company is in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Companies Act, 2013. However, the Company has made an application to Central Government to sought approval for the same, since the Company has defaulted in repayment of Public Deposits.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. The Company has complied with the provisions of Section 177 and 188 of Companies Act, 2013 in respect of transactions with the related parties and has disclosed the details in the Financial Statements in accordance with the Ind AS 24.

xiv. The Company has not made any preferential allotment or private placement of shares or has fully or partly convertible debentures during the year under review and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us the Company is not required to obtain registration under Section 45IA of the Reserve Bank of India Act, 1934 and therefore clause 3(xvi) of the Order is not applicable.

For **Kanu Doshi Associates LLP**
Chartered Accountants
Firm Registration Number: 104746W/W100096

Jayesh Parmar
Partner
Membership No: 45375

Place: Mumbai
Date: July 19, 2018

ANNEXURE B TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of VALECHA ENGINEERING LIMITED ("the Company") as of 31 March 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company 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 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 Companies Act, 2013.

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, 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, 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 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 Standalone Ind AS 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 qualified 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 authorisations of management and directors of the Company; and (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.

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, 2018:

a. The Company is not having a full fledge 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 nineteen (19) projects sites which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection and could potentially result in material misstatements in the Company's trade payables, consumption, inventory and expense account balances.

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 31,2018, 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, 2018.

For **Kanu Doshi Associates LLP**
Chartered Accountants
Firm Registration Number: 104746W/W100096

Jayesh Parmar
Partner
Membership No: 45375

Place: Mumbai
Date: July 19, 2018

Standalone Balance Sheet As At March 31, 2018

(₹ in Crore)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non Current Assets				
(a) Property, Plant & Equipment	3	**27.86**	46.46	78.15
(b) Investment Property	3.1	**5.72**	6.85	6.98
(c) Financial Assets				
(i) Investments	4	**96.98**	83.01	68.97
(ii) Other Financial Assets	5	**21.62**	12.57	47.50
(d) Other Non-Current Assets	6	**26.55**	34.05	31.53
Total Non Current Assets		**178.73**	182.94	233.13
Current Assets				
(a) Inventories	7	**15.19**	40.64	55.27
(b) Financial Assets				
(i) Trade Receivables	8	**243.86**	259.70	256.07
(ii) Cash & Cash Equivalents	9	**7.00**	15.94	15.59
(iii) Bank Balances other than (ii) above	10	**6.98**	13.05	43.13
(v) Loans	11	**374.63**	368.29	339.27
(vi) Other Financial Assets	12	**85.49**	98.30	71.30
(c) Other Current Assets	13	**43.50**	43.77	42.29
Total Current Assets		**776.64**	839.69	822.92
Total Assets		**955.37**	1,022.63	1,056.05
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	14	**22.53**	22.53	22.53
(b) Other Equity	15	**6.69**	46.48	106.52
Total Equity		**29.22**	69.01	129.05
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	**-**	27.55	112.37
(ii) Other Financial Liabilities	17	**78.23**	124.94	170.01
Total Non Current Liabilities		**78.23**	152.49	282.38
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	**313.49**	283.67	113.05
(ii) Trade Payables	19	**110.36**	172.30	170.33
(iii) Other Financial Liabilities	20	**391.20**	295.42	303.17
(b) Other Current Liabilities	21	**31.97**	49.20	56.65
(c) Provisions	22	**0.90**	0.57	1.42
Total Current Liabilities		**847.92**	801.16	644.62
Total Equity & Liabilities		**955.37**	1,022.63	1,056.05
See Accompanying notes forming part of the Financial Statements				

In term of our Report attached

For Kanu Doshi Associates LLP
Chartered Accountants
FRN : 104746W/W100096

For and on behalf of the Board

Jayesh Parmar
Partner
Membership No. 45375

Vijay Kumar H. Modi
Company Secretary & Legal

Jagdish K.Valecha
Vice-Chairman-cum Managing Director
DIN : 00013070

Place : Mumbai.
Date : July 19, 2018

Anil S. Korpe
Chief Financial Officer

Dinesh H. Valecha
Director
DIN : 00012945

Standalone Statement Of Profit And Loss For The Year Ended March 31, 2018

(₹ in Crores)

Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
Income			
Revenue from Operations	23	**207.80**	410.93
Other Income	24	**67.69**	39.17
Total Income		**275.49**	450.10
Expenses			
Construction Expenses	25	**186.02**	368.42
Changes in Inventories	26	**25.44**	14.63
Employee Benefit Expenses	27	**8.00**	17.42
Finance Cost	28	**67.16**	71.05
Depreciation and Amortization Expenses	3	**10.14**	14.76
Other Expenses	29	**14.18**	21.00
Total Expenses		**310.94**	507.28
Profit/ (Loss) Before Exceptional Items and Tax		**(35.45)**	(57.18)
Exceptional Items (Net)		**-**	-
Profit/ (loss) Before Tax		**(35.45)**	(57.18)
Tax Expenses			
Current Tax		**-**	-
Tax of earlier year		**1.66**	0.75
Deffered Tax		**-**	-
Profit/ (Loss) for the year		**(37.11)**	(57.93)
Other Comprehensive Income / (Loss)			
A. (i) Items that will not be reclassified to profit or loss			
(a) Fair Value of Financial Instruments		**(1.55)**	(2.80)
(b) Re-measurement of defined benefit plans		**(1.13)**	0.68
(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		**-**	-
(ii) Income tax relating to items that will be classified to profit or loss		**-**	-
Other Comprehensive Income / (Loss) for the year		**(2.68)**	(2.12)
Total Comprehensive Income for the year		**(39.79)**	(60.05)
Earnings per Equity Share of Face Value of Rs. 10 each			
Basic and Diluted (in Rs)	30	**(16.47)**	(25.71)

See Accompanying notes forming part of the Financial Statements

In term of our Report attached

For Kanu Doshi Associates LLP
Chartered Accountants
FRN : 104746W/W100096

For and on behalf of the Board

Jayesh Parmar
Partner
Membership No. 45375

Vijay Kumar H. Modi
Company Secretary & Legal

Jagdish K.Valecha
Vice-Chairman-cum Managing Director
DIN : 00013070

Place : Mumbai.
Date : July 19, 2018

Anil S. Korpe
Chief Financial Officer

Dinesh H. Valecha
Director
DIN : 00012945

Standalone Statement Of Changes In Equity For The Year Ended March 31, 2018

A. Equity Share Capital	**Nos. of Shares**	**₹ in Crores**
Balance as at April 1, 2016	2,25,30,025	22.53
Add: Changes in Equity Share Capital	-	-
Balance as at March 31, 2017	2,25,30,025	22.53
Add: Changes in Equity Share Capital	-	-
Balance as at March 31, 2018	2,25,30,025	22.53

B. Other Equity (₹ in Crores)

Particulars	**Reserves and Surplus**			**Item of other Comprehensive Income**		**Total**
	Securities Premium Reserve	**General Reserve**	**Retained Earnings**	**Defined benefit plans**	**Fair Value of Financial Measurements**	
Balance at April 1, 2016	**111.24**	**43.90**	**(48.62)**	**-**	**-**	**106.52**
Other comprehensive Income / (loss) for the year, net of tax		-	-	0.68	(2.80)	(2.12)
Profit/ (Loss) for the year	-	-	(57.93)			(57.93)
Balance at March 31, 2017	**111.24**	**43.90**	**(106.55)**	**0.68**	**(2.80)**	**46.48**
Other comprehensive Income / (loss) for the year, net of tax	-	-	-	(1.13)	(1.55)	(2.68)
Profit/ (Loss) for the year	-	-	(37.11)	-	-	(37.11)
Balance at March 31, 2018	**111.24**	**43.90**	**(143.66)**	**(0.45)**	**(4.35)**	**6.69**

See Accompanying notes forming part of the Financial Statements

In term of our Report attached
For Kanu Doshi Associates LLP
Chartered Accountants
FRN : 104746W/W100096

For and on behalf of the Board

Jayesh Parmar
Partner
Membership No. 45375

Vijay Kumar H. Modi
Company Secretary & Legal

Jagdish K.Valecha
Vice-Chairman-cum Managing Director
DIN : 00013070

Place : Mumbai.
Date : July 19, 2018

Anil S. Korpe
Chief Financial Officer

Dinesh H. Valecha
Director
DIN : 00012945

Standalone Cash Flow Statement For The Year Ended March 31, 2018

(₹ in Crores)

	Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
A.	**Cash flow from Operating activities**		
	Loss Before Tax	**(35.46)**	(57.18)
	Add / (Deduct) Adjustment for :		
	Depreciation and Amortization Expense	**10.14**	14.76
	Loss / (Profit) on sale of property, plant & equipments, Investment Property (net)	**(12.32)**	(10.42)
	Fixed Assets Written Off	**0.02**	-
	Finance Cost	**67.16**	71.05
	Guarantee Fees	**(13.96)**	(14.05)
	Interest Income	**(2.93)**	(2.90)
	Fair Value of Financial Instruments	**(0.81)**	(0.28)
	Interest expenses on financial instruments	**0.10**	0.02
	Amortisation of processing fees on Term Loans	**1.02**	1.74
	Rental Income from Investment Properties	**(1.94)**	(2.03)
	Operating Profit/ (Loss) before Working Capital changes	**11.02**	0.71
	Changes in Working Capital:		
	Adjustment for (increase) / decrease in operating assets:		
	Decrease in Inventories	**25.44**	14.63
	(Increase)/ Decrease in Trade Receivable	**15.84**	(3.63)
	(Increase) / Decrease Loans	**16.81**	(32.45)
	(Increase)/ Decrease in other current assets and non-current financial assets	**10.92**	36.81
	Adjustment for (increase) / decrease in operating liabilities:		
	Increase/ (Decrease) in Trade Payables	**(61.93)**	1.96
	Increase/(Decrease) in other current and financial liabilities (non-current)	**(45.44)**	(115.49)
	Increase/ (Decrease) in Provisions	**(0.80)**	(0.17)
	Cash Generated From / (used in) Operations	**(28.14)**	(97.63)
	Direct Taxes (Paid)	**5.84**	(3.26)
	Net Cash Flow from operating activities (A)	**(22.30)**	(100.89)
B.	**Cash Flow from investing activities**		
	Capital Expenditure for Property, Plant and Equipments, Investments Property, Intangible Assets, CWIP	**(0.25)**	(1.62)
	Proceeds from disposal of Property, Plant and Equipment, Investment Property	**22.14**	29.10
	Investments in subsidiaries	**-**	0.01
	Loans given to/ (realised) from Subsidiaries	**(24.73)**	0.51
	Interest received	**2.93**	2.90
	Rental Income from investment property	**1.94**	2.03
	Net Cash flow from investing activities (B)	**2.02**	32.92
C.	**Cash flow from financing activities**		
	Repayment of Debenture		
	Proceeds from/ (Repayment) of long term borrowings	**48.67**	(31.24)
	Net increase / (Decrease) in Working Capital borrowings	**29.83**	170.61
	Finance Cost	**(67.16)**	(71.05)
	Dividend and Tax on dividend paid	**-**	-
	Net Cash flow used in financing activities (C)	**11.34**	68.32
	Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	**(8.94)**	0.35
	Cash and Cash Equivalent at the beginning of the year	**15.94**	15.59
	Cash and Cash Equivalent at the end of the year	**7.00**	15.94
	Note: Figures in brackets represents cash outflow		
	See accompanying notes forming part of the Financial Statements		

In term of our Report attached

For Kanu Doshi Associates LLP
Chartered Accountants
FRN : 104746W/W100096

For and on behalf of the Board

Jayesh Parmar
Partner
Membership No. 45375

Vijay Kumar H. Modi
Company Secretary & Legal

Jagdish K.Valecha
Vice-Chairman-cum Managing Director
DIN : 00013070

Place : Mumbai.
Date : July 19, 2018

Anil S. Korpe
Chief Financial Officer

Dinesh H. Valecha
Director
DIN : 00012945

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

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.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) notified under Section 133 of the Act and other relevant provisions of the Act (“Previous GAAP”).

These financial statements are the first financial statements of the Company under Ind AS. The date of transition to IND AS is 1st April, 2016. Refer note 42 related to First-time Adoption of Ind AS for an explanation of how the transition from previous GAAP to Ind AS has affected the Company’s financial position, financial performance and cash flows.

First-time adoption: In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Company’s first Ind AS financial statements include, three balance sheets viz. the opening balance sheet as at 1st April, 2016 and balance sheets as at 31st March, 2017 and 2018 and two statements each of profit and loss, cash flows and changes in equity for the years ended 31st March, 2017 and 2018 together with related notes. The same accounting policies have been used for all periods presented.

2.2 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.

2.2.1 **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

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to revenue.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

2.7 Revenue recognition

2.7.1 Revenue from construction contracts is recognised by reference to the stage of completion of the contract activity for all contracts in accordance with Ind AS 11 - "Construction Contracts". The revenue from the execution of contracts is recognised proportionately with the degree of completion achieved under each contract, matching revenue with expenses incurred and after considering the total contract value and associated costs.

2.7.2 Contract prices are either fixed or subject to price escalation clause. Amounts due in respect of price escalation and/or variation in contract work approved by the customers are recognised as revenue only when there are conditions in the contracts for such claims or variations and/or evidence of the acceptability of the same from customers.

2.7.3 At the Cut off date, Uncertified work-in progress is recognised as revenues and is valued on the basis of best estimates made by management.

2.7.4 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.

2.7.5 Site development including initial expenses (shown in Project in progress) thereon is charged to the projects from the date of its revenue recognition.

2.7.6 Progress payments received are adjusted against amounts receivable from customers in respect of the contract of work performed.

2.7.7 Expected loss, if any, on the construction/projects, related activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration.

2.7.8 Amounts retained by the customers until the satisfactory completion of the contracts are recognised as revenue and as receivables in the financial statements . Where such retention has been released by the customers against submission of Bank Guarantees, the amount so released is adjusted against receivables from the customers and the value of the Bank Guarantees is disclosed as contingent liability.

2.7.9 Revenue is disclosed net of Sales Tax/VAT, Service Tax, Goods and Service Tax (GST) as applicable.

Other Income

2.7.10 Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis.

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.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

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 recongnised 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.

2.10 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:

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.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

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 ammortised cost). Where the Company's management has selected to present fair value gains and losses on equity investments in other comprehensive incomeand 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.

(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 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.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

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.

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 it 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.

Depreciation and amortisation

Depreciation on Fixed Assets is calculated on "Straight Line Method" at the rates and 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.

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.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

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.

2.20 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying Ind AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

3 Property, Plant & Equipments (₹ in Crores)

Gross Block

Particulars	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
Balance as at April 1, 2016	**4.03**	**3.65**	**146.48**	**6.60**	**15.82**	**176.56**
Additions	-	-	0.25	0.12	1.25	1.62
Disposal / Adjustements	-	2.19	45.00	-	1.27	48.46
Balance as at March 31, 2017	**4.03**	**1.45**	**101.73**	**6.71**	**15.80**	**129.72**
Additions	-	-	0.23	0.02	-	0.25
Disposal / Adjustements	-	-	20.84	0.12	0.42	21.38
Balance as at March 31, 2018	**4.03**	**1.45**	**81.12**	**6.61**	**15.38**	**108.59**

Accumlated Depreciation

Particulars	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
Balance as at April 1, 2016	**-**	**1.20**	**78.49**	**6.06**	**12.67**	**98.42**
Depreciation / Amortization	-	0.03	13.54	0.25	0.82	14.63
Disposal / Adjustements	-	0.86	28.20	-	0.73	29.78
Balance as at March 31, 2017	**-**	**0.37**	**63.83**	**6.31**	**12.75**	**83.26**
Depreciation / Amortization	-	0.03	9.07	0.22	0.70	10.02
Disposal / Adjustements	-	-	12.14	0.11	0.31	12.56
Balance as at March 31, 2018	**-**	**0.40**	**60.77**	**6.43**	**13.13**	**80.73**
Net carrying amount as at March 31, 2018	**4.03**	**1.06**	**20.35**	**0.18**	**2.24**	**27.86**
Net carrying amount as at March 31, 2017	**4.03**	**1.08**	**37.90**	**0.40**	**3.05**	**46.46**
Net carrying amount as at April 01, 2016	**4.03**	**2.45**	**67.99**	**0.54**	**3.15**	**78.15**

3.1 Investment Property

Gross Block

Particulars	Buildings	Total
Balance as at April 1, 2016	**8.03**	**8.03**
Additions	-	-
Disposal / Adjustments	-	-
Balance as at March 31, 2017	**8.03**	**8.03**
Additions	-	-
Disposal / Adjustments	1.40	1.40
Balance as at March 31, 2018	**6.63**	**6.63**

Accumlated Depreciation

Particulars	Building	Total
Balance as at April 1, 2016	1.05	1.05
Depreciations	0.13	0.13
Disposal / Adjustments	-	-
Balance as at March 31, 2017	**1.18**	**1.18**
Depreciations	0.12	0.12
Disposal / Adjustments	0.39	0.39
Balance as at March 31, 2018	**0.91**	**0.91**
Net carrying amount as at March 31, 2018	**5.72**	**5.72**
Net carrying amount as at March 31, 2017	**6.85**	**6.85**
Net carrying amount as at April 1, 2016	**6.98**	**6.98**

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

Note : Deemed cost as at April 1,2016 which is the net carrying amount on April 1, 2016 which is tabulated as follows: (₹ in Crores)

Particulars	Gross Carrying amount as at April 01, 2016	Reclassification as at April 01, 2016	Accumulated Depreciation as at April 01, 2016	Net Carrying amount as at April 01, 2016
Buildings	8.03	-	1.05	6.98
Total	**8.03**	**-**	**1.05**	**6.98**

Amount recognised in Statement of profit and loss for Investment Properties

	Particulars	**As at 31-Mar-2018**	As at 31-Mar-2017
1	Rental Income	**1.94**	2.03
2	Direct operating expenses from property that did not generate rental income.	**0.51**	0.61
3	There are no restictions on the realisability of investment property.		
4	The 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 53.31 crores (Rs 51.43 crores for March 31, 2017)

Notes:

(a) The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount i.e. April 1, 2016 as its deemed cost on the date of transition to Ind AS i.e. April 1, 2016.

(b) The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

4 Non Current Investments

(₹ in Crores)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Unquoted & Fully Paid						
Equity Instruments						
i) In Subsidiary Companies - Wholly Owned - At Cost						
Valecha Infrastructure Ltd (Fully paid Equity Share Face Value ₹ 10/- each)	**50,000**	**13.05**	50,000	6.60	50,000	0.05
Valecha International (FZE) - (Fully paid Equity Share Face Value AED 1,50,000 each)	**1**	**0.27**	1	0.26	1	0.27
Professional Realtors Pvt. Ltd. (Fully paid Equity Share Face Value ₹10/- each)	**10,000**	**1.80**	10,000	1.80	10,000	1.80
Total (A)		**15.12**		8.66		2.12
ii) In Subsidiary Companies - Others - At Cost						
Valecha Kachchh Toll Roads Ltd. (Fully paid Equity Share Face Value ₹10/- each)	**3,98,35,000**	**54.85**	3,98,35,000	47.34	3,98,35,000	39.84
Total (B)		**54.85**		47.34		39.84
iii) In Associate Companies - At Cost						
Aryavrat Tollways Pvt. Ltd. - Voting Shares (Face Value ₹10/- each)	**4,900**	**0.00**	4,900	0.00	4,900	0.00
Aryavrat Tollways Pvt. Ltd. - Non-Voting Shares (Face Value ₹ 10/- each)	**44,100**	**0.04**	44,100	0.04	44,100	0.04
Valecha Reality Ltd (Face Value ₹10/- each)	**24,950**	**0.02**	24,950	0.02	24,950	0.02
Bhubaneshwar Express Ways Pvt Ltd (Face Value ₹10/- each)	**2,68,76,200**	**26.88**	2,68,76,200	26.88	2,68,76,200	26.88
Total (C)		**26.94**		26.94		26.94
iii) In Others (at FVTOCI)						
The Saraswat Co-op. Bank Ltd. (Face Value ₹10/- each)	**2,500**	**0.00**	2,500	0.00	2,500	0.00
The Janakalyan Sahakari Bank Ltd. (Face Value ₹10/- each)	**50,000**	**0.05**	50,000	0.05	50,000	0.05
Valecha Chambers Condominium (Face Value ₹ 100/- each)	**37**	**0.00**	37	0.00	37	0.00
Varun Cements Ltd. (Face Value 10/- each)	**42,800**	**0.02**	42,800	0.02	42,800	0.02
Total (D)		**0.07**		0.07		0.07
Total (A+B+C+D)		**96.98**		83.01		68.97
Note :						
Aggregate amount of unquoted investments		**96.98**		83.01		68.97

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
5	**Other Non Current Financial Assets**			
	Unsecured, Considered good unless otherwise stated			
	Security Deposits	**0.07**	0.07	1.97
	Retention	**21.50**	12.45	45.48
	Others	**0.05**	0.05	0.05
	Total	**21.62**	12.57	47.50
6	**Other Non Current Assets**			
	Balance with Government Authorities (net)	**26.55**	34.05	31.53
	Total	**26.55**	34.05	31.53
7	**Inventories**			
	(As taken, valued & certified by Management)			
	Stock of Materials	**15.19**	40.64	55.27
	Total	**15.19**	40.64	55.27
8	**Trade Receivables**			
	Unsecured			
	Considered Good *	**243.86**	259.70	256.07
	Considered Doubtful	**-**	-	-
		243.86	259.70	256.07
	Less: Allowance for Expected Credit Loss	**-**	-	-
	Total	**243.86**	259.70	256.07
	* Refer note No. 45			
9	**Cash and Cash Equivalents**			
	Cash on Hand	**0.06**	0.04	0.78
	Balances with Banks			
	- In Current Accounts (including money-in-transit)	**6.94**	15.90	14.80
	Total	**7.00**	15.94	15.59
10	**Other Bank Balances**			
	Earmarked Balances with Banks			
	- Unpaid Dividend Accounts	**0.12**	0.14	0.16
	- Margin Money Deposits	**6.86**	12.91	42.98
	Total	**6.98**	13.05	43.13
11	**Loans (Current)**			
	Unsecured, considered good unless otherwise stated			
	Loans to Subsidiary Companies	**250.51**	225.79	226.30
	Loans to Related Parties	**12.59**	12.59	12.59
	Loans and Advances to Employees	**0.16**	0.16	0.27
	Other Loans and advances	**111.37**	129.75	100.09
	Total	**374.63**	368.29	339.27
12	**Other Current Financial Assets**			
	Unsecured, considered good unless otherwise stated			
	Security Deposits with Contractees	**85.49**	98.30	71.30
	Total	**85.49**	98.30	71.30
13	**Other Current Assets**			
	Balance with Government Authorities	**43.40**	43.44	40.03
	Others	**0.10**	0.33	2.26
	Total	**43.50**	43.77	42.29

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

14 Share Capital (₹ in Crores)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Authorised:						
Equity Shares of Rs. 10/- each	**3,50,00,000**	**35.00**	3,50,00,000	35.00	3,50,00,000	35.00
Issued, Subscribed & paid up:						
Equity Shares of Rs. 10/- each	**2,25,30,025**	**22.53**	2,25,30,025	22.53	2,25,30,025	22.53

14.1 Reconciliations of the number of euqity shares and amount outstanding at beginning and end of the year

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Balance at beginning of the year	**2,25,30,025**	**22.53**	2,25,30,025	22.53	2,25,30,025	22.53
Add: Changes in Equity Share Capital	**-**	**-**	-	-	-	-
Balance at the end of the year	**2,25,30,025**	**22.53**	2,25,30,025	22.53	2,25,30,025	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

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Valecha Investment Pvt. Ltd.	**69,33,249**	**30.77**	69,33,249	30.77	69,33,249	30.77
Hypnos Fund Limited	**20,00,000**	**8.88**	20,00,000	8.88	20,00,000	8.88

15 Other Equity

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
15.1 Securities Premium Account	**111.24**	111.24	111.24
15.2 General Reserve	**43.90**	43.90	43.90
15.3 Retained Earnings	**(143.66)**	(106.55)	(48.62)
15.4 OCI - Fair Value of Financial Instruments	**(4.35)**	(2.80)	-
15.5 OCI - Re-measurement of defined benefit plans	**(0.44)**	0.69	-
Total Other Equity	**6.69**	46.48	106.52

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.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	Amount	Amount	Amount
16	**Non Current Borrowings**			
	Secured			
	Term Loans :			
	From Banks	-	14.73	72.08
	From Financial Institutions	-	12.82	29.77
	Unsecured			
	Fixed Deposits from Public	-	-	10.52
	Total	**-**	**27.55**	**112.37**

Note : Current Maturity of above term loan of Rs. 288.47 crores (as at march 31, 2017 - Rs. 211.14 Crores, as at April 1, 2016 Rs. 155.79 Crores) has been grouped under other current financial liabilities (Note No. 20) as current maturity of long term borrowings & fixed deposits.

16.1 Term of Repayment & Security details of Borrowings

	Repayment tenure & Security nature	Last installment Date	Rate of Interest	March 31, 2018	Amount outstanding As at March 31, 2017	April 1, 2016
1	Repayable in 48 monthly installments, Secured by exclusive charge on specific Machineries	Oct-16	8.00%	**-**	0.11	1.76
2	Repayable in 36 monthly installments, Secured by exclusive charge on vehicles	Jun-16	10.25%	**-**	0.01	0.05
3	Repayable in 36 monthly installments, Secured by exclusive charge on vehicles	May-16	10.75%	**-**	-	0.02
4	Repayable in 36 monthly installments, Secured by exclusive charge on vehicles	Jun-16	10.25%	**-**	0.01	0.02
5	Repayable in 36 monthly installments, Secured by exclusive charge on Machinery	Repaid	10.60%	**-**	-	0.08
6	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**	42.67	37.12
7	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**	13.67	12.34
8	Term LoanRepayable 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**	69.29	61.61
9	Repayable in 60 monthly installments, secured by exclusive charge on the property purchased	Mar-19	10.50%	**-**	2.56	2.15
10	Repayable in 18 quarterly installments, secured by first & exclusive charge on the specific immovable property & JSL & VIL Shares	Sep-20	12.15%	**16.70**	15.00	42.01
11	Repayable in 36 monthly installments, secured by first & exclusive charge on the specific machine	Jul-17	10.25%	**-**	0.01	0.04
12	Repayable in 36 monthly installments, secured by first & exclusive charge on the specific vehicles	Jul-17	10.25%	**-**	0.10	0.34
13	Repayable in 36 monthly installments, secured by first & exclusive charge on the specific Machineries	Jul-17	10.25%	**-**	0.07	0.25
14	Repayable in 36 monthly installments, secured by first & exclusive charge on the specific Machineries	Jul-17	10.25%	**-**	0.03	0.11
15	Repayable in 46 monthly installments, secured by first & exclusive charge on the specific vehicles	Nov-18	10.50%	**0.21**	0.47	0.73
16	Repayable in 60 monthly installments, secured by exclusive charge on the specific Machineries	Sep-20	14.00%	**28.65**	23.76	36.77
17	Repayable in single payment, secured against Bank Guarantees	Repaid	13.75%	**-**	-	35.00
18	Repayable in 36 monthly installments, secured by exclusive charge on the specific Machineries	Sep-18	14.00%	**3.72**	2.99	2.68

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

16.2 The Company has defaulted in repayment of loans and interest in respect of the following (₹ in Crores)

Particulars	Period of Default	Amount of Default (As at March31, 2018)		
		Principal	Interest	Total
Term Loan				
Central Bank of India	30 to 914 Days	35.98	13.04	49.02
Syndicate Bank	30 to 821 Days	58.16	19.71	77.87
Yes Bank	1 to 396 Days	14.68	1.84	16.52
State Bank of Bikaner & Jaipur	30 to 731 Days	12.08	3.47	15.55
Machinery Loan				
SREI Equipment Finance Ltd	1 to 365 days	28.12	3.48	31.60
Fixed Deposits from Public	1 to 1308 Days	29.03	2.62	31.65
Total		**178.05**	**44.16**	**222.21**

	Particulars	**As at March 31, 2018 Amount**	As at March 31, 2017 Amount	As at April 1, 2016 Amount
17	**Other Non Current Financial Liabilities**			
	Advance from Contractees	**0.55**	12.50	36.95
	Non Current Liabilities - Trade	**41.36**	64.67	62.66
	Non Current Liabilities - Others	**36.32**	47.77	70.40
	Total	**78.23**	124.94	170.01
18	**Current Borrowings**			
	Secured - From Banks			
	Working Capital Loans - Cash Credit Limits**	**211.49**	185.72	72.99
	Short Term Facilities**	**56.75**	50.32	33.10
	Unsecured - From Others			
	Credit Card payable	**17.06**	18.31	6.16
	Related Parties	**28.19**	29.32	0.81
	Total	**313.49**	283.67	113.05

****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. Paripassu 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 March31, 2018)		
		Principal	Interest	Total
Working Capital Facilities				
State Bank of India	30 to 733 Days	169.63	44.49	214.12
Axis Bank Ltd	30 to 731 Days	71.67	22.95	94.62
Canara Bank	30 to 903 Days	22.81	1.92	24.73
Total		**264.11**	**69.36**	**333.47**

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	As at March 31, 2018 Amount	As at March 31, 2017 Amount	As at April 1, 2016 Amount
19	**Trade Payables**			
	Dues of Micro and Small Enterprises	**2.77**	2.77	2.84
	Others	**107.59**	169.53	167.49
	Total	**110.36**	172.30	170.33
19.1	The details of amounts outstanding to Micro and Small Enterprises based on information available with the Company :			
	a. Principal amount remaining unpaid	**2.77**	2.77	2.84
	b. Interest due thereon remaining unpaid	**0.73**	0.73	0.73
	c. Interest paid	**-**	-	-
	d. Payment made beyond the appointed day during the year	**-**	0.07	-
	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	**-**	-	-
	Total	**3.50**	3.57	3.57

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, 2018 Amount	As at March 31, 2017 Amount	As at April 1, 2016 Amount
20	**Other Current Financial Liabilities**			
	Current maturities of Long Term Borrowings *(Refer note 16.1 & 16.2)*	**259.44**	176.46	128.07
	Current Maturities of Fixed Deposits *(Refer note 16.1 & 16.2)*	**29.03**	34.68	27.72
	Unclaimed Dividends	**0.11**	0.13	0.15
	Retention from Sub-contractors	**36.41**	22.75	56.04
	Current Maturities of Advance from Contractees	**28.64**	23.15	50.65
	Current Maturities of Advance from Contractees - Related Parties	**36.64**	36.64	36.64
	Secured Advance from Contractees	**0.93**	1.61	3.90
	Total	**391.20**	295.42	303.17
21	**Other Current Liabilities**			
	Statutory Dues	**18.06**	21.48	19.57
	Others	**13.91**	27.72	37.08
	Total	**31.97**	49.20	56.65
22	**Provisions**			
	Provision for Employee Benefits			
	-Gratuity	**0.77**	0.57	1.42
	-Bonus	**0.13**	-	-
	Total	**0.90**	0.57	1.42

	Particulars	Year Ended March 31, 2018 Amount	Year Ended March 31, 2017 Amount
23	**Revenue from Operations**		
	Income from Contract and Services	207.80	410.93
	Total	**207.80**	**410.93**

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	Year Ended March 31, 2018 Amount	Year Ended March 31, 2017 Amount
24	**Other Income**		
	Interest on Fixed Deposits	**0.57**	1.67
	Interest from Others	**2.36**	1.23
	Lease Rental Income	**1.94**	2.03
	Foreign Exchange Fluctuation Gain	**0.06**	0.00
	Sundry balances written back	**22.93**	7.74
	Excess Provision of earlier years written back	**10.97**	0.00
	Guarantee Fees	**13.96**	14.05
	Profit on Sale of Fixed Assets / Investment	**12.32**	10.42
	Miscellaneous Income	**2.58**	2.03
	Total	**67.69**	39.17
25	**Construction Expenses**		
	Materials Purchase	**34.16**	72.06
	Sub-Contracting and Transportation Expenses.	**94.62**	211.61
	Power and Fuel	**3.35**	5.24
	Value Added Tax, Service Tax & Labour Cess	**5.18**	12.97
	Repairs, Rent & Maintenances to Plant & Machineries and Vehicles	**4.02**	10.91
	Insurance	**0.78**	0.53
	Site Expenses	**43.91**	55.10
	Total	**186.02**	368.42
26	**Changes in Inventories**		
	Opening Stock	**40.64**	55.27
	Less: Closing Stock	**15.19**	40.64
	Total	**25.44**	14.63
27	**Employee Benefits Expenses**		
	Salaries, Wages, and Bonus	**8.22**	15.40
	Contribution to Provident Fund, Gratuity and other funds	**(0.29)**	1.94
	Welfare Expenses	**0.07**	0.08
	Total	**8.00**	17.42
28	**Finance Cost**		
	Interest Expenses		
	-Banks	**60.75**	55.07
	-Financial Institutions	**4.05**	7.17
	-Others	**1.24**	7.05
	Interest Cost on Security Deposit	**0.10**	0.02
	Loan Processing Fees	**1.02**	1.74
	Total	**67.16**	71.05

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	Year Ended March 31, 2018 Amount	Year Ended March 31, 2017 Amount
29	**Other Expenses**		
	Rates and taxes	**0.14**	0.27
	Printing and stationery	**0.03**	0.02
	Telephone and Postage	**0.12**	0.15
	Advertisement	**0.02**	0.01
	Traveling and conveyance	**0.19**	0.20
	Business promotion	**0.23**	0.17
	Electricity charges	**0.12**	0.15
	Professional Fees	**2.03**	1.58
	Office Maintenance	**1.01**	1.14
	Tender Expenses	**0.04**	0.10
	Bank charges	**0.25**	0.37
	Directors Remuneration	**2.37**	2.57
	Foreign Exchange Fluctuations	**0.00**	0.46
	Payments to Auditor (Refer note below)	**0.13**	0.25
	General expenses	**0.45**	0.04
	Fixed Assets Written Off	**0.02**	0.00
	Irrecoverable debts written off	**7.05**	13.52
	Total	**14.18**	21.00
29.1	**Auditors Remunerations**		
	Audit Fees	**0.10**	0.20
	Certification and Other Services including Service Tax	**0.03**	0.05
	Total	**0.13**	0.25

30. Earnings Per Share

Particulars	2017-18	2016-17
Profit attributable to Equity Shareholders (Rs. in crores)	**(37.11)**	(57.93)
Weighted average Number of shares for Basic EPS (Numbers)	**2,25,30,025**	2,25,30,025
Weighted average Number of shares for Diluted EPS (Numbers)	**2,25,30,025**	2,25,30,025
Face Value of each Equity Share (in Rs.)	**10.00**	10.00
Basic & Diluted earning per Share (in Rs.)	**(16.47)**	(25.71)

31 Contingent Liabilities

Contingent Liabilities are not provided for and are as below :

	Particulars	2017-18	2016-17	2015-16
1	Outstanding Letter of Credits / Bank Guarantee	**100.75**	148.25	306.07
2	Dispute with Suppliers	**4.66**	4.66	4.43
3	Corporate Guarantees	**679.65**	629.34	637.35
4	Late payment and over limit charges on credit card dues	**5.89**	5.89	-

32 Disclosure pursuant to Ind AS – 11 “Construction Contracts”

	Particulars	2017-18	2016-17
a.	Contract revenue recognised as revenue in the year	**206.97**	410.93
b.	Aggregate of contract costs incurred and recognised profits (less recognised losses) up to the reporting date for contracts in progress	**211.47**	383.05
c.	Amount of advances received for contracts in progress	**66.75**	73.89
d.	Amount of retention money for contracts in progress	**21.50**	12.45
e.	Gross amount due from customers for contract work	**243.86**	259.70

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

33 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.

34 CSR Expenditure

Corporate Social Responsibility (CSR) - In view of losses incurred, expenditure on CSR is not applicable for current financial year. In Previous year too expenditure on CSR was not applicable.

Related Party Disclosures

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

35 List of Related Parties with whom transactions have taken place

Relationship	Name of Related Parties
Subsidiary Companies	Valecha Infrastructure Ltd.
	Valecha International (FZE)
	Professional Realtors Pvt. Ltd.
	Valecha Kachchh Toll Roads Ltd.
Step-Down Subsidiary Companies	Valecha LM Toll Pvt. Ltd.
	Valecha Badwani Sendhawa Toll Ways Ltd.
Associate Companies	Valecha Reality Ltd.
	Bhubaneshwar Express Ways Pvt. Ltd.
	Aryavrat Tollways Pvt. Ltd.
Enterprises where KMPs have significant influence	Gopaldas Vasudev Construction Pvt. Ltd.
	Valecha Power Ltd.
	Valecha Gulf Contracting & Foundations LLC
	Juhu Beach real Estate Pvt Ltd
	Valecha Investment Pvt. Ltd.
Joint Ventures	Ashoka Buildcon - VEL (JV)
	Valecha - ECCI (JV)
	Valecha - SGGCL (JV)
	Valecha - Transtonnelstroy (JV)
	KSSIIPL - VEL (JV)
	Valecha - VKJ (JV)
	Valecha - Shivalaya - Intradel (JV)
Key Management Personnel (KMP)	
Chairman	Arvind Thakkar
Vice-Chairman-cum Managing Director	Jagdish K. Valecha
Whole Time Director	Dinesh H. Valecha
Whole Time Director (upto 10-08-2016)	Umesh H. Valecha
Excutive Director (w.e.f. 26-06-2017 to 26-06-2018)	Tarun Dutta
Company Secretary & Legal	Vijay Kumar H. Modi
Chief Financial Officer	Anil S. Korpe
Relatives of Key Management Personnel	Karan Jagdish Valecha
	Kapil Jagdish Valecha

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

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

36 Details of Transactions with Related Parties (₹ in Crores)

i. Transactions with Subsidiary Companies

	Particulars	2017-18	2016-17	As at April 1, 16
a.	Sales	**4.77**	-	-
b.	Deposit / Loans / Repayment received during the year	**2.28**	6.77	-
c.	Deposit / Loans given / Repaid during the year	**29.32**	6.26	-
d.	Outstanding Balance - Trade Receivable	**1.95**	1.72	1.72
e.	Outstanding Balance - Loan given	**250.51**	225.79	226.30
f.	Outstanding Balance - Amount Payable	**36.64**	36.64	36.64

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

	Particulars	2017-18	2016-17	As at April 1, 16
a.	Deposit / Loans / Repayment received during the year	**0.13**	32.30	-
b.	Deposit / Loans given / Repaid during the year	**1.26**	3.79	-
c.	Interest Received	**-**	-	-
d.	Interest Paid	**-**	-	-
e.	Outstanding Balance - Amount Payable	**(28.19)**	(29.32)	(0.81)
f.	Outstanding Balance - Amount Receivable	**12.58**	12.58	12.58

iii. Transactions with Joint Ventures

	Particulars	2017-18	2016-17	As at April 1, 16
a.	Sales	**12.60**	31.27	
b.	Advance received during the year	**-**	-	
c.	Advance repaid during the year	**-**	-	
d.	Outstanding Balance - Amount Receivables	**45.64**	45.88	31.65
e.	Outstanding Balance - Amount Payables	**-**	-	-

iv. Transactions with Key Management Personnel (KMP)

Particulars	2017-18	2016-17
Remuneration paid during the year	2.68	2.65
Sitting Fees	0.02	0.00

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

Particulars	2017-18	2016-17
Remuneration paid during the year	0.45	0.43

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	2017-18		2016-17		April 1, 2016	
	As at year end	**Maximum balance during year**	As at year end	Maximum balance during year	As at year end	Maximum balance during year
Valecha Infrastructure Ltd.	**149.5**	**149.5**	122.72	124.51	124.35	124.32
Valecha International (FZE)	**20.27**	**20.27**	20.21	20.21	20.66	20.66
Professional Realtors Pvt. Ltd.	**0.23**	**0.23**	0.23	0.23	0.23	0.23
Valecha Kachchh Toll Roads Ltd.	**53.89**	**53.89**	56.00	56.00	56.42	62.2
Valecha LM Toll Pvt. Ltd.	**23.36**	**23.36**	23.36	23.36	21.37	21.37
Valecha Badwani Sendhawa Toll Ways Ltd.	**3.28**	**3.28**	3.28	3.28	3.27	3.28
Total	**250.51**	**250.51**	225.79	227.58	226.30	232.06

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

		2017-18		2016-17		April 1, 2016	
ii.	**Loans Given to Associate Companies / Enterprises over which KMPs having significant influence**	**As at year end**	**Maximum balance during year**	As at year end	Maximum balance during year	As at year end	Maximum balance during year
	Valecha Investment Pvt. Ltd.	**7.28**	**7.28**	7.28	7.28	7.28	8.26
	Valecha Gulf Contracting & Foundation L.L.C.	**0.94**	**0.94**	0.94	0.94	0.94	0.94
	Valecha Power Ltd.	**0.02**	**0.02**	0.01	0.01	0.01	0.01
	Valecha Reality Ltd.	**0.28**	**0.28**	0.28	0.28	0.28	0.28
	Juhu Beach real Estate Pvt Ltd	**4.07**	**4.07**	4.07	4.07	4.07	4.07
	Total	**12.58**	**12.58**	12.58	12.58	12.58	13.56

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	2017-18	2016-17	1st April 2016
Valecha LM Toll Pvt. Ltd.	**183.85**	198.88	203.10
Valecha Badwani Sendhawa Toll Ways Ltd.	**53.29**	55.14	58.93
Valecha Kachchh Toll Roads Ltd.	**375.32**	375.32	375.32
Valecha Infrastructure Ltd.	**67.19**	87.17	51.43
Total	**679.65**	716.51	688.78

37 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 Providend Fund. The expenses recognised for the year are as under :

Particulars	2017-18	2016-17
Employer's Contribution to Providend Fund	**0.34**	0.95
Employer's Contribution to Employee's state Insurance	**0.01**	0.01
Employer's Contribution to Pension Fund	**0.13**	0.36

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 2018 and 31 March 2017.

	Particulars	2017-18	2016-17
i	**Changes in present value of obligations**		
	Present value of obligations as at the beginning of year	**0.58**	1.43
	Interest cost	**0.05**	0.11
	Current Service Cost	**0.07**	0.14
	Past Service Cost	**0.12**	-
	Benefits Paid	**(0.33)**	(0.42)
	Actuarial gain on obligations	**1.12**	(0.69)
	Present value of obligations as at the end of year	**1.61**	0.58

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	2017-18	2016-17
ii	**Changes in the fair value of plan assets**		
	Fair value of plan assets at the beginning of year	**0.51**	0.79
	Expected return on plan assets	**0.04**	0.06
	Contributions	**0.12**	0.09
	Benefits paid	**(0.33)**	(0.42)
	Actuarial gain on Plan assets	**(0.00)**	0.00
	Fair value of plan assets at the end of year	**0.34**	0.51
iii	**Change in the present value of the defined benefit obligation and fair value of plan assets**		
	Present value of obligations as at the end of the year	**(1.61)**	(0.58)
	Fair value of plan assets as at the end of the year	**0.34**	0.51
	Net (liability) / asset recognized in balance sheet	**(1.27)**	(0.06)

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

Particulars	2017-18	2016-17
Expenses Recognised in statement of Profit & Loss		
Current Service cost	**0.07**	0.14
Interest Cost	**0.01**	0.05
Expected return on plan assets	**0.12**	-
Net Actuarial gain recognised in the year	**-**	-
Expenses recognised in statement of Profit & Loss Account	**0.20**	0.19

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

Particulars	2017-18	2016-17
Actuarial Gain/Loss recognized		
Actuarial (gain)/losses on obligation for the year	**1.12**	(0.69)
Return on Plan Asset, excluding Interest Income	**0.00**	0.00
Change in Asset ceiling	**-**	-
Net (Income)/Expense for the period recognized in OCI	**1.13**	0.68

38 Deferred taxes not recognised

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred Tax Assets / (Liabilities) in relation to :			
Carried Forward Losses	**36.86**	27.59	13.84
Property, plant and equipment/Investment Property/Other Intangible Assets	**(1.04)**	(3.01)	(6.64)
Total	**35.82**	24.58	7.20

39 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.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Borrowing	**601.96**	522.36	381.21
Total equity	**29.22**	69.01	129.05
Borrowing to equity	**20.60**	7.57	2.95

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

40 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.

40.1 Market risk

The Company is primarily exposed to the following market risks.

40.1.1 **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.

40.1.2 **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.

40.2 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 principal customers being reputed production houses, national broadcasters and major organisations which the Company has worked with for number of years. However, as Company grows its customer base and works with more independent producers 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 ₹ 657.08 crores, ₹ 669.54 crores and ₹ 701.03 crores as at March 31, 2018, March 31, 2017 and April 1, 2016 respectively, 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.

40.3 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.

(₹ in Crores)

Particulars	**2017-18**			2016-17			2015-16		
	Less than 1 year	**Between 1 and 5 years**	**Total**	Less than 1 year	Between 1 and 5 years	Total	Less than 1 year	Between 1 and 5 years	Total
a. Borrowings	**601.96**	**-**	**601.96**	494.81	27.55	522.36	268.84	112.37	381.21
b. Trade Payables	**110.36**	**-**	**110.36**	172.30	-	172.30	170.33	-	170.33
c. Other Financial Liabilities	**102.73**	**78.23**	**180.96**	84.28	124.94	209.22	147.38	170.01	317.39
Total	**815.05**	**78.23**	**893.28**	751.39	152.49	903.88	586.55	282.38	868.93

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

40.4 Other disclosure pursuant to Ind AS 107 “Financial Instruments: Disclosures"

40.4.1 **Category-wise classification for applicable financial assets:**

(₹ in Crores)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Measured at fair value through Profit or Loss (FVTOCI) (Level 3)				
Investment in equity shares	4	**0.07**	0.07	0.07
Measured at amortised cost: (All Level 3)				
Security Deposits - Non Current	5	**21.62**	12.57	47.50
Security Deposits - Current	11	**85.49**	98.30	71.30
Loans	11	**374.63**	368.29	339.27
Trade receivables	8	**243.86**	259.70	256.07
Total		**725.67**	738.93	714.21

40.4.2 **Category-wise classification for applicable financial liabilities:**

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Measured at amortised cost: (All Level 3)				
Borrowings - Non current	15	**-**	27.55	112.37
Borrowings - Current (Short Term)	18	**313.49**	283.67	113.05
Borrowings - Current maturities of long term borrowings & fixed deposits	20	**288.47**	211.14	155.79
Trade payables	19	**110.36**	172.30	170.33
Retention money from Sub-contractors	20	**36.41**	22.75	56.04
Measured at fair value through Other Comprehensive Income (FVTOCI)		**-**	-	-
Total		**748.73**	717.41	607.58

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.

41 FIRST TIME ADOPTION OF IND AS

41.1.a These financial statements, for the year ended March 31, 2018 have been prepared in accordance with the Ind AS. For the purpose of transition to Ind AS, the Company has complied with Ind AS 101 – “First time adoption of Indian Accounting Standard” for exemptions and exceptions, on transition date (i.e. April 1, 2016) and Indian GAAP is the previous GAAP followed by the company.

The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the separate financial statements for the year ended March 31, 2017 and the comparative information. Accordingly, the impact of transition has been provided in the Opening reserves as at 1st April 2016.

41.2 Exemption and exception availed

Set out are the applicable Ind AS 101 optional exemptions and mandatory exemptions applied in the transition from previous GAAP to Ind AS.

41.2.1 Ind AS optional exemptions

(i) Deemed cost for investments in Subsidiaries, associates and Other entities

The Company has elected to continue with the carrying value for all its investments in subsidiaries and associates as of April 1, 2016 measured under Indian GAAP as deemed cost as of April 1, 2016 (transition date) except certain investments where fair value has been considered as deemed cost.

(ii) Deemed Cost - Property, Plant and Equipment, Capital work-in-progress and Intangible Assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the Standalone Financial Statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the group has elected to measure all of its property, plant and equipment, Capital work-in-progress and intangible assets at their previous GAAP carrying values.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

41.2.2 Ind AS mandatory exemptions

(i) Derecognition of Financial Assets (i.e. Loans, Accrued Interest etc.)

Ind AS 101 requires a first time adopter to apply the de-recognition provisions for Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows first time adopter to apply the derecognition requirements provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past Ind AS 101 retrospectively from the date of entity's choosing, transactions was obtained at the time of initially accounting for the transactions.

41.3 The effect of the Company's transition to Ind AS is summarized as reconciliations of Equity, Profit and Total comprehensive income with Indian GAAP as explained below:

41.3.a Effect of Ind AS adoption on Balance Sheet as previously reported under Indian GAAP to Ind AS. (₹ in Crores)

Particulars	Note No.	As at 31st March, 2017 (End of last period presented as per IGAAP)			As at 1st April, 2016 (Date of Transition)		
		I-GAAP	Ind AS Adjustment	Ind AS	I-GAAP	Ind AS Adjustment	Ind AS
Non - Current Assets							
(a) Property, Plant and Equipment		46.46	-	46.46	78.15	-	78.15
(b) Investment Property	A	-	6.85	6.85	-	6.98	6.98
(c) Financial assets							
(i) Investments	A & B	77.01	6.02	83.01	77.01	(8.03)	68.97
(ii) Other Financial Assets	C	17.22	(4.65)	12.57	49.51	(2.01)	47.50
(d) Other non - current assets		34.05	-	34.05	31.53	-	31.53
Current Assets							
(a) Inventories		40.64	-	40.64	55.27	-	55.27
(b) Financial assets		-		-	-	-	-
(i) Trade Receivables		259.70	-	259.70	256.07	-	256.07
(ii) Cash & Cash Equivalents		15.94	-	15.94	15.59	-	15.59
(iii) Bank Balances other than (iii) above		13.05	-	13.05	43.13	-	43.13
(iv) Loans		466.58	-	368.29	339.28	-	339.27
(v) Other Financial Assets		-	-	98.30	71.30	-	71.30
(c) Other current assets		43.78	-	43.77	42.31	-	42.31
Total Assets		**1,014.43**	**8.22**	**1,022.63**	**1,059.12**	**(3.06)**	**1,056.05**

Particulars	Note No.	As at 31st March, 2017 (End of last period presented as per IGAAP)			As at 1st April, 2016 (Date of Transition)		
		I-GAAP	Ind AS Adjustment	Ind AS	I-GAAP	Ind AS Adjustment	Ind AS
Equity							
(a) Equity Share Capital		22.53	-	22.53	22.53	-	22.53
(b) Other equity	H	22.60	23.88	46.48	89.53	16.99	106.52
Liabilities							
Non Current Liabilities							
(a) Financial Liabilities			-				
(i) Borrowings	D	28.97	(1.42)	27.55	115.53	(3.16)	112.37
(ii) Other Financial Liabilities	E	125.12	(0.18)	124.94	170.08	(0.07)	170.01
(c) Deferred tax liabilities (Net)	F	14.06	(14.06)	-	16.82	(16.82)	-
Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		283.67	-	283.67	113.05	-	113.05
(ii) Trade payables		172.30	-	172.30	170.33	-	170.33
(iii) Other financial liabilities		295.42	-	295.42	303.17	-	303.17
(b) Other current liabilities		49.20	-	49.20	56.65	-	56.65
(c) Provisions		0.56	-	0.56	1.42	-	1.42
Total Equity and Liabilities		**1,014.43**	**8.22**	**1,022.63**	**1,059.12**	**(3.06)**	**1,056.05**

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

41.3.b Effect of Ind AS adoption on Statement of Profit and loss as previously reported under Indian GAAP to Ind AS. (₹ in Crores)

Particulars	Note No.	For the year ended 31 March 2017		
		I-GAAP	Ind AS Adjustment	Ind AS
Revenue from operations		410.93	-	410.93
Other income	B, C	24.84	14.33	39.17
Total Income		435.77	14.33	450.10
EXPENSES				
Construction Expenses		368.42	-	368.42
Changes in Inventories		14.63	-	14.63
Employee Benefit Expenses	G	16.74	0.68	17.42
Finance Cost	D, E	69.30	1.75	71.05
Depreciation and Amortization Expenses	A	14.63	0.13	14.76
Other Expenses		21.00	-	21.00
Total Expenses		**504.72**	**2.56**	**507.28**
Profit/ (Loss) Before Exceptional Items and Tax		**(68.95)**	**11.77**	**(57.18)**
Exceptional Items		-	-	-
Profit/ (loss) Before Tax		**(68.95)**	**11.77**	**(57.18)**
Tax Expenses				
Current Tax (Including earlier year taxation)		0.75	-	0.75
Deffered Tax	F	(2.76)	2.76	-
Profit/(Loss) for the year		**(66.94)**	**9.01**	**(57.93)**
Other Comprehensive Income / (Loss) for the year	C, G	-	(2.12)	(2.12)
Total Comprehensive Income for the year		**(66.94)**	**6.89**	**(60.05)**

41.3.c Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	Notes	As at March 31, 2017	As at April 1, 2016
Equity as per IGAAP		45.13	112.06
Adjustments on transition to Ind AS:			
(a) Depreciation on investment property	A	(1.18)	(1.05)
(b) Fair value of financial instruments	C	9.58	(1.94)
(c) Amortisation of Processing fees on Term Loans	D	1.42	3.16
(d) Deferred Tax Liability reversed on prudence basis	F	14.06	16.82
Equity reportable under Ind AS		**69.01**	**129.05**

41.3.d Reconciliation of Statement of Profit and Loss and Other Comprehensive Income

Particulars	Notes	Year ended March 31, 2017
Net profit under previous IGAAP		(66.94)
Adjustments on transition to Ind AS		
(a) Guarantee fee income from subsidiary on financial guarantee contract	B	14.05
(b) Depreciation on investment property	A	(0.13)
(c) Fair value of financial assets	C	0.28
(d) Remeasurement of defined benefit plans	G	(0.68)
(e) Deferred Tax Liability reversed on prudence basis	F	(2.76)
(f) Amortisation of Processing fees on Term Loans	D	(1.74)
(g) Fair value of financial liabilities	E	(0.01)
Net profit under Ind AS		**(57.93)**
Other Comprehensive income - Actuarial gain	C	0.68
Other Comprehensive Income - Fair Value of Financial Instruments	G	(2.80)
Total Comprehensive Income as per Ind AS		**(60.05)**

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

41.3.e Effects of Ind AS adoption on Cash Flow statement for the year ended 31st March, 2017 (₹ in Crores)

Particulars	For the year ended 31 March 2017		
	I-GAAP	**Ind AS Adjustment**	**Ind AS**
Cash flow from / (used in) operations	(100.89)	-	(100.89)
Cash flow from / (used in) Investing Activities	32.93	-	32.93
Cash flow from / (used in) Financing Activities	68.32	-	68.32
Net Increase/(decrease) in cash and cash equivalents	0.35	-	0.35
Cash and cash equivalents at the beginning of the year	15.59	-	15.59
Cash and cash equivalents at the end of the year	15.94	-	15.94

Notes:

A Under previous GAAP, the Investment properties (Office Premises in Valecha Chambers) were carried at cost under the head Non Current investment. Under Ind AS, the Investment properties are classified in separate head investment properties (Rs. 6.98 crore as at 31 March 2017, Rs. 8.03 crore as at 1 April 2016) and same is depreciated at the same rate applicable for class of asset under Property, Plant and Equipment. The effect of depreciation on the Investment Property is reflected in total equity and / or profit or loss, as applicable. This decreased the retained earnings by Rs. 1.18 Crore as at 31 March 2017 (1 April 2016 - Rs. 1.05 Crore). This has resulted in an decrease in profit for the year ended 31 March 2017 by Rs. 0.13 Crore.

B Under Ind AS, the company has recognised corporate guarantee fees on financial guarantees given on behalf of its group companies by increasing investment in the group company to that extent. (Rs.14.05 crore as at 31 March 2017 and Rs. Nil as at 1 April 2016) This accrual of guarnetee fee income has increased the retained earnings by Rs. 14.05 Crore as at 31 March 2017 (1 April 2016 - Rs. Nil)and an increase in profit for the year ended 31 March 2017 by Rs. 14.05 crore.

C Under the previous GAAP, interest free security deposit placed with customers were recorded at their transaction value. On transition to Ind AS, these deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as adjustment to deposit value and recognised as income measured using the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable. This decreased the retained earnings by Rs. 4.65 Crore as at 31 March 2017 (1 April 2016 - Rs. 2.01 Crore). This has resulted in an decrease in profit for the year ended 31 March 2017 by Rs. 0.28 crore.

D Under Indian GAAP, transaction costs incurred in connection with borrowings are charged in statement of profit or loss in respective year. Under Ind AS, such costs are included in the initial recognition amount of financial liability are charged to statement of profit or loss using the effective interest method (i.e., over the tenure of the loan). This increased the retained earnings by Rs. 1.42 Crore as at 31 March 2017 (1 April 2016 - Rs. 3.16 Crore). This has resulted in an decrease in profit for the year ended 31 March 2017 by Rs. 1.74 crore.

E Under the previous GAAP, interest free security deposit received from vendors were recorded at their transaction value. On transition to Ind AS, these deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as adjustment to deposit value and recognised as expense measured using the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable. This increased the retained earnings by Rs. 0.18 Crore as at 31 March 2017 (1 April 2016 - Rs. 0.07 Crore). This has resulted in an increase in profit for the year ended 31 March 2017 by Rs. 0.01 crore.

F Reversal of deferred tax liability to the extent of deferred tax assets available on prudence basis.

G Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability, which is recognised in other comprehensive income in respective years.

H Retained earnings as at April 01, 2016 adjusted consequent to the above Ind AS transition adjustments net of deferred tax.

42 The company has issued financial guarantee to Financial Institutions on behalf of three subsidiaries and one step down subsidiary based on terms of sanctioned letter issued by Financial Institutions. The company has charged commission for the providing corporate guarantee to the subsidiaries and same is recognised in financials. The guarantee provided is collateral security supported by main primary security of the subsidiary companies. Therefore, company has not provided for Impairment of Loans and advances to and Investment in Subsidiaries. The financial statements of associate companies could not be provided due to various reasons. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the company.

43 Due to non-availability of surplus profit and cash flow for last few years, the company has not provided for interest amounting to Rs. 3.91 crore on late payment of Tax deducted at Source and penal interest for default in repayment of borrowings from Banks and Financial Institutions. The company is approaching banks / Financial Institutions for Restructuring of Loans and hence, penal interest will be waived by banks / financial institutions and the same restructuring will help to payout TDS interest dues.

Notes forming part of the Standalone financial statements as at and for the year ended March 31, 2018

44 Due to non-availability of surplus profit and cash flow for last few years, the company has not repaid deposits (including unpaid interest upto March 2017 - Rs. 2.62 crore) amounting to Rs. 31.65 crore as at March 31, 2018 as per the contractual terms and repayment schedule / order passed by the Company Law Board – New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO. 05(MB) 2016). Further, the company has also not provided penal interest and fine as levied under rule 21 of (Acceptance of Public Deposit) Rules, 2014.

45 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. 243.86 crore which includes Rs. 160.30 crore pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities. Also, the company has not evaluated whether any impairment provision is required for ECL in accordance with Ind AS mentioned above for loans extended to various related parties amounting to Rs. 0.94 crore as at March 31, 2018. The Company has booked their claims on conservative basis and management believe that they have strong case for each of the claims lodged against the client. This has been validated by legal consultant. Hence, the Board has decided not to account for Impairment provision.

46 The Company has not provided the books of accounts, supporting documents and records of two project sites to Statutory Auditors which includes total revenue of Rs 30.63 Crore, Net Loss of Rs 18.59 Crore and Net Assets of Rs 23.01 Crore. The company is facing lock-out and local unrest at these sites and hence document could not be provided. However, as soon as the situation is normalised, the same will be provided to the auditor. However, Management do not foresee any material impacts on the financial statements.

47 The Company has not provided the books of accounts for 17 Project sites which includeds total assets and total Liabilities of Rs 120.46 Crore and Rs 79.25 Crore respectively included in the financial statement of the Company. The company does not have any information and relevant documents for transactions during the year for these units as these projects are closed due to heavy losses. However, Management do not foresee any material impacts on the financial statements, if the supporting documents and records of this project sites were available for audit.

48 During the year the Company has paid / provided managerial remuneration of Rs 1.98 crore. The company has applied to Central Government vide form No. MR-2 dated 08/12/2017 & 28/03/2018 for approval of Managerial Remuneration paid during the year. The approval for Managerial Remuneration is still awaited.

49 The company had provided for expenses amounting to Rs 18.97 crores in financial year 2016-17. However, during current financial year, the management is of view that said amount is no longer payable. Therefore, the said provision has been reversed in current financial year.

50 The company has receivable of Rs 43.40 crores from various government authorities like VAT, works contract tax department, etc. With implementation of GST Act and merging of all such dues under GST, management is hopeful that the Government authorities will complete the assessment of years prior to GST at earliest and the said receivable will be rececived either by way of refund or will be allowed to consider it as credit and adjust against the future liability.

51 The accumalated losses for the year ended 31st March 2018 have resulted in substantial erosion of Company's peak Net worth . However, the management is of the opinion that subject to approval of Restructing plan by banks, cost reduction measures and participating in new business finance/ JV business,the company will be able to earn profitability over next few years and may be in position to repay loans and pay statutory dues. Hence, financial statement of company are prepared assuming that it will continue as going concern.

52 The company has carried out internal audit during the year for the major working sites. The Company covers various working sites in year as per the internal audit plan. Management would like to further inform that reports for the two sites was not available due to lockout and local unrest at two sites leading to pendancy of the compilation of report of all sites in one report.

53 Trade receivable, Trade payable and Loans and Advances are subject to confirmation and reconciliation, if any.

54 The previous year I-GAAP figures have been reclassified/regrouped to make them comparable with Ind AS presentation.

In term of our Report attached

For Kanu Doshi Associates LLP
Chartered Accountants
FRN : 104746W/W100096

Jayesh Parmar
Partner
Membership No. 45375

Place : Mumbai.
Date : July 19, 2018

For and on behalf of the Board

Vijay Kumar H. Modi
Company Secretary & Legal

Jagdish K.Valecha
Vice-Chairman-cum Managing Director
DIN : 00013070

Anil S. Korpe
Chief Financial Officer

Dinesh H. Valecha
Director
DIN : 00012945

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

(₹ 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	0.27	0.01
3	Reserves	(117.99)	(53.85)	(3.77)	(278.34)	-	(0.08)
4	Total assets	99.07	201.72	63.33	382.46	20.85	0.17
5	Total Liabilities	217.01	245.57	62.10	592.31	20.59	0.23
6	Investment except in the case of investment in subsidiary	-	-	-	-	-	-
7	Revenue from Operations	-	26.59	12.27	5.97	-	-
8	Other Income	0.06	0.05	-	0.29	-	-
9	Profit before Taxation	(10.40)	(25.07)	(3.73)	(150.88)	-	(0.08)
10	Provision for tax - (Current Tax)	-	-	-	-	-	-
11	Provision for tax - (Deferred Tax)	-	(1.65)	(0.45)	-	-	-
12	Profit after Tax	(10.40)	(23.43)	(3.28)	(150.88)	-	(0.08)
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.17.6736 as on 31.03.2018

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**

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of **VALECHA ENGINEERING LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary Companies (the Holding Company and its subsidiary companies together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018 and the Consolidated Statement of Profit and Loss (including other comprehensive income) and the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, financial performance including other comprehensive income, consolidated cash flows and consolidated statement changes in equity of the Group in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind As financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these Consolidated Ind AS Financial Statements.

Basis for Qualified Opinion:

a. As stated in Note No. 48 to Consolidated Ind AS Financial Statements, the Holding Company has not provided for interest amounting to ₹ 3.91 crores on late payment of Tax deducted at Source. Further, the Holding Company has not provided for penal interest for default in repayment of borrowings from Banks and Financial Institution. However, in the absence of detailed computation of penal interest, we are unable to comment upon its impact on the loss of the year.

b. As stated in Note No. 49 to Consolidated Ind AS Financial Statements, the Holding Company has not repaid deposits (including unpaid interest upto March 2017 - ₹ 2.62 crores) amounting to ₹ 31.65 crores as at March 31, 2018 as per the contractual terms and repayment schedule / order passed by the Company Law Board – New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO. 05(MB) 2016). Further, the company has also not provided penal interest and fine as levied under rule 21 of (Acceptance of Public Deposit) Rules, 2014.

   Further in the absence of detailed information and computation of penal interest pertaining to previous years, if any, we are unable to comment upon its impact on the loss of the year.

c. As stated in Note No. 50 to Consolidated Ind AS Financial Statements, the Holding Company has not evaluated whether any impairment provision is required for expected credit losses (ECL) in accordance with Ind AS 109 - 'Financial Instruments' for Trade Receivables aggregating to ₹ 241.88 crores which includes ₹ 160.30 crores pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities. Also, the company has not evaluated whether any impairment provision is required for ECL in accordance with Ind AS mentioned above for loans extended to various related parties amounting to ₹ 0.94 crores as at March 31, 2018. In the absence of relevant information, third party confirmation/reconciliation and detailed working, we are unable to comment upon its recoverability and corresponding impact of impairment on the loss of the year, if any.

d. We did not audit the books of accounts of two project sites of Holding Company due to unavailability of supporting documents and records which includes total revenue of ₹ 30.63 crores, Net Loss of ₹ 18.59 Crores and Net Assets of ₹ 23.01 crores. Hence, we are unable to comment its impact on the loss and corresponding total assets and liabilities of the company as at and for year ended March 31, 2018, had the said units been audited by us. Kindly refer Note No. 51 to Consolidated Ind AS Financial Statements.

e. We did not audit total assets and total Liabilities of ₹ 120.46 crores and ₹ 79.25 crores respectively included in the Statement which pertains to seventeen project sites of the Holding Company. The Holding Company has not accounted for any transactions during the year for these sites, as it does not have any information and relevant documents to account for the same. In view of that, we are unable to comment upon resultant impact, if any on loss of the year and net assets as at March 31, 2018 of the company, had the said units been audited by us. Kindly refer Note No. 52 to Consolidated Ind AS Financial Statements.

f. As stated in Note No. 53 to Consolidated Ind AS Financial Statements, the Holding Company has paid / provided managerial remuneration of ₹ 1.98 crores for which approval is sought from the Central Government vide form No. MR-2 dated 08/12/2017 and 28/03/2018. However, the same is subject to approval from Central Government.

g. As stated in Note No. 54 to Consolidated Ind AS Financial Statements, the Holding Company has invested ₹ 26.95 crores in three of its Associate Companies. As the Holding Company does not have control on the said associates and the accounts were not made available to the Management, these associates have not been considered in the consolidated Ind AS financial statements. Also, as informed by the Management, the Holding Company has entered into seven joint ventures but they have not been considered for preparation of consolidated financial statements. Hence, we are unable to comment upon the resultant impact, if any, on the loss and net assets of the consolidated Ind AS financial statements of the Company as at March 31, 2018, had the audited financial statement for the associates and joint ventures were made available to us.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on our audit and on the consideration of report of the other auditor on separate financial statements of subsidiary companies and on other financial information of the subsidiaries referred to in point a in 'Other Matters' paragraph below and based on the consideration of unaudited financial statements furnished by the management for subsidiary as explained in point b in 'Other Matters' paragraph below, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the Consolidated financial position of the Group as at March 31, 2018, and its Consolidated Financial Performance including Other Comprehensive Income, its Consolidated Cash Flow and Consolidated Statement of Changes in Equity for the year ended on that date.

Emphasis of Matter

We draw attention to:

a. Note No. 55 to the Consolidated Ind AS Financial Statements regarding write back of provision for expenses by Holding Company, wherein as per its Management, certain provision for expenses amounting to ₹ 18.97 Crores pertaining to previous years are no longer required to be paid, in view of the same this amount is adjusted during the year against corresponding expenses. Our opinion is not qualified in respect of this matter.

b. Note No. 56 to the Consolidated Ind AS Financial Statements regarding 'Other Current Assets' as at March 31, 2018 which includes ₹ 43.40 Crores receivable from various Government Authorities by Holding Company which are pending for assessments for which its Management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recovery. Our opinion is not qualified in respect of this matter.

c. Note No. 57 to the Consolidated Ind AS Financial Statements which indicates that the Group has accumulated losses and its net worth has been fully eroded, the Group has incurred a net loss/net cash loss during the year ended March 31, 2018 and, the Group's current liabilities exceeded its current assets as at the balance sheet date. Further, the Holding Company has defaulted in repayment of borrowing and payment of statutory dues and few banks have categorized the its bank accounts as 'Non-performing Assets'. These conditions, along with other matters set forth in Note No. 56, 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 Company have been prepared on a going concern basis for the reasons stated in the said Note.

d. Note No. 58 to the Consolidated Ind AS Financial Statements which states that Trade Receivables, Trade Payables and Loan and Advances are subject to confirmation and reconciliation.

Other Matters

a. We did not audit the financial statements of five subsidiaries (including two step down subsidiaries) included in the consolidated Ind AS financial statements which reflect total assets of ₹ 746.75 crores as at March 31, 2018 and total revenue of ₹ 45.24 crores for the year ended March 31, 2018, total comprehensive income (comprising of profit and other comprehensive income) of ₹ (174.50) crores for the year ended March 31, 2018. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the annual Ind AS consolidated financial statements, in so far as relates to the amount and disclosures included in respect of these subsidiaries is based solely on the report of other auditors.

   Our opinion on the consolidated IND AS financial statements and our report is not modified in respect of this matter.

b. We have relied on the unaudited financial statements furnished by the management with respect to one subsidiary included in the consolidated Ind AS financial statements, which reflect total assets of ₹ 20.85 crores as at March 31, 2018, total revenue of ₹ Nil for the year ended March 31, 2018 and total comprehensive income (comprising of profit and other comprehensive income) of ₹ Nil for the year ended March 31, 2018 respectively. The unaudited financial statements and other financial information as approved by the respective Board of Directors of these companies have been furnished to us by the management and our opinion on the annual Ind AS consolidated financial statements, in so far as relates to the amount and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements. We are unable to comment upon the resultant impact, if any on the consolidated net profit and other financial information of the Ind AS consolidated financial statements as at and for the year ended March 31, 2018.

   Our opinion on the Consolidated Ind AS Financial Statements and our report is not modified in respect of this matter.

c. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006. For the year ended March 31, 2017 and March 31, 2016 on which the predecessor auditor expressed an unmodified opinion vide audit report dated August 16, 2017 and December 1, 2016 respectively on those Consolidated Ind As financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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 refered 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, obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS Financial Statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind As 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) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

d) Except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Consolidated Ind AS 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 Basis for Qualified Opinion/Emphasis of Matters paragraphs, respectively, in our opinion, may have an adverse effect on the functioning of the Holding Company;

f) On the basis of the written representations received from the directors of the Holding Company, as on March 31, 2018 and taken on record by the Board of Directors of Holding Company and the reports of the statutory auditors of the subsidiaries, we report that none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013;

g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries 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 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 as noted in 'Other Matters';

i. 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 35 to the Consolidated Ind AS Financial Statements;

ii. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, provisions have been made in the Consolidated Ind AS Financial Statement, as required under the applicable law or Ind AS, for material forseeable losses, if any, on long term contracts.

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.

For Kanu Doshi Associates LLP
Chartered Accountants
Firm Registration Number: 104746W/W100096

Jayesh Parmar
Partner
Membership No:45375

Place: Mumbai
Date: July 19, 2018

ANNEXURE A TO THE AUDITORS' REPORT

Report on the Internal Financial Controls 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 Ind As financial statements of **VALECHA ENGINEERING LIMITED** ("hereinafter referred to as "the Holding Company") as of and for the year ended on 31 March 2018, we have audited the internal financial control over financial reporting of the Holding company and relied on report of the other auditors on separate financial statements of two Subsidiary Companies (including one step-down subsidiary). This Report does not contain a statement with respect to the adequacy of the internal financial controls over financial reporting of the four Subsidiary Companies (including one step down subsidiary) and the operating effectiveness of such controls, as per Clause(i) of section 143(3) of the Act is not applicable to Subsidiary Companies as of that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's respective Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and 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 Holding 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding 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, 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, 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 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 Consolidated Ind AS 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 Holding Company and internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Holding 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 Holding 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 Holding 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 Holding Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Holding Company's assets that could have a material effect on the financial statements.

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, 2018:

a. The Holding Company is not having a full fledge 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 nineteen (19) projects sites which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection and could potentially result in material misstatements in the Company's trade payables, consumption, inventory and expense account balances.

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 31,2018, 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, 2018.

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 two subsidiary companies (including 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 Kanu Doshi Associates LLP
Chartered Accountants
Firm registration No: 104746W/W100096

Jayesh Parmar
Partner
Membership No: 045375

Place: Mumbai
Date: July 19, 2018

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in Crores)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non Current Assets				
(a) Property, Plant & Equipment	3	**28.25**	47.64	80.17
(b) Capital Work in Progress	3.1	**-**	0.07	26.03
(c) Investment Property	3.2	**5.72**	6.85	6.98
(d) Goodwill on Consolidation		**1.80**	1.80	1.80
(e) Other Intangible Assets	3.3	**412.14**	505.56	539.72
(f) Intangible Assets under development	3.4	**184.91**	173.91	173.91
(g) Financial Assets				
(i) Investments	4	**27.01**	27.01	27.01
(ii) Loans		**-**	-	-
(iii) Other Financial Assets	5	**21.62**	12.57	47.50
(g) Deffered Tax Assets (Net)		**-**	-	-
(h) Other Non-Current Assets	6	**27.07**	34.57	32.06
Total Non Current Assets		**708.53**	809.98	935.18
Current Assets				
(a) Inventories	7	**15.19**	40.64	55.27
(b) Financial Assets				
(i) Investments	8	**-**	1.51	5.92
(ii) Trade Receivables	9	**241.88**	258.03	254.39
(iii) Cash & Cash Equivalents	10	**11.35**	17.49	18.60
(iv) Bank Balances other than (iii) above	11	**8.76**	13.04	46.85
(v) Loans	12	**180.36**	214.05	144.82
(vi) Other Financial Assets	13	**87.18**	99.96	73.04
(c) Deffered Tax Assets (Net)		**-**	-	-
(d) Current Tax Assets (Net)		**-**	-	-
(e) Other Current Assets	14	**44.58**	44.76	43.84
Total Current Assets		**589.30**	689.48	642.73
Total Assets		**1,297.83**	1,499.46	1,577.92
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	15	**22.53**	22.53	22.53
(b) Other Equity	16	**(386.66)**	(229.52)	(66.91)
Equity Attributable to Shareholders of the Company		**(364.13)**	(206.99)	(44.38)
Non-Controlling Interest		**(108.25)**	(37.94)	3.27
Total Equity		**(472.38)**	(244.93)	(41.11)
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	**594.66**	684.54	774.78
(ii) Other Financial Liabilities	18	**78.23**	124.94	170.01
(b) Deffered Tax Liabilities (Net)	19	**3.77**	5.87	7.09
(c) Other Non-Current Liabilities	20	**22.54**	12.95	8.92
Total Non Current Liabilities		**699.20**	828.30	960.80
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	**321.54**	297.04	115.14
(ii) Trade Payables	22	**114.20**	175.93	173.97
(iii) Other Financial Liabilities	23	**599.24**	391.52	309.71
(b) Other Current Liabilities	24	**35.14**	51.00	57.98
(c) Provisions	25	**0.90**	0.60	1.43
(d) Current Tax Liabilities (Net)		**-**		
Total Current Liabilities		**1,071.01**	916.09	658.23
Total Equity & Liabilities		**1,297.83**	1,499.46	1,577.92
See Accompanying notes forming part of the Financial Statements				

In term of our Report attached

For Kanu Doshi Associates LLP
Chartered Accountants
FRN : 104746W/W100096

For and on behalf of the Board

Jayesh Parmar
Partner
Membership No. 45375

Vijay Kumar H. Modi
Company Secretary & Legal

Jagdish K.Valecha
Vice-Chairman-cum Managing Director
DIN : 00013070

Place : Mumbai.
Date : July 19, 2018

Anil S. Korpe
Chief Financial Officer

Dinesh H. Valecha
Director
DIN : 00012945

Consolidated Statement Of Profit And Loss For The Year Ended March 31, 2018

(₹ in Crores)

Particulars	Note	Year Ended March 31,2018	Year Ended March 31,2017
Income			
Revenue from Operations	26	**252.64**	452.31
Other Income	27	**54.10**	25.17
Total Income		**306.74**	477.48
EXPENSES			
Construction Expenses	28	**185.99**	368.38
Changes in Inventories	29	**25.44**	14.63
Employee Benefit Expenses	30	**9.58**	19.01
Finance Cost	31	**172.25**	168.38
Depreciation and Amortization Expenses	3	**104.48**	49.77
Other Expenses	32	**34.64**	32.52
Total Expenses		**532.38**	652.69
Profit/ (Loss) Before Exceptional Items and Tax		**(225.64)**	(175.22)
Exceptional Items (Net)	33	**0.03**	(26.45)
Profit/ (loss) Before Tax		**(225.61)**	(201.67)
Tax Expenses			
Current Tax			
Tax of earlier year		**1.66**	0.75
Deffered Tax	20	**(2.09)**	(1.22)
		(0.43)	(0.47)
Profit/ (Loss) for the year		**(225.18)**	(201.20)
Attributable to			
Shareholders of the Company		**(154.86)**	(159.98)
Non-Controlling Interests		**(70.31)**	(41.21)
Other Comprehensive Income / (Loss)			
A. (i) Items that will not be reclassified to profit or loss			
(a) Fair Value of Financial Instruments		**(1.55)**	(2.80)
(b) Investment in Equity Instruments		**0.40**	(0.52)
(c) Transaction with owners in their capacity as owners		**-**	-
(d) Re-measurement of defined benefit plans		**(1.13)**	0.68
(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		**-**	-
(ii) Income tax relating to items that will be classified to profit or loss		**-**	-
Other Comprehensive Income / (Loss) for the year		**(2.28)**	(2.64)
Total Comprehensive Income for the year		**(227.46)**	(203.84)
Attributable to			
Shareholders of the Company		**(157.13)**	(162.62)
Non-Controlling Interests		**(70.31)**	(41.21)
Earnings per Equity Share of Face Value of ₹ 10 each			
Basic and Diluted	34	**(99.95)**	(89.30)
See Accompanying notes forming part of the Financial Statements			

In term of our Report attached

For Kanu Doshi Associates LLP
Chartered Accountants
FRN : 104746W/W100096

For and on behalf of the Board

Jayesh Parmar
Partner
Membership No. 45375

Vijay Kumar H. Modi
Company Secretary & Legal

Jagdish K.Valecha
Vice-Chairman-cum Managing Director
DIN : 00013070

Place : Mumbai.
Date : July 19, 2018

Anil S. Korpe
Chief Financial Officer

Dinesh H. Valecha
Director
DIN : 00012945

Consolidated Statement Of Changes In Equity For The Year Ended March 31, 2018

A. Equity Share Capital	Nos. of Shares	₹ in Crores
Balance as at April 1, 2016	2,25,30,025	22.53
Add: Changes in Equity Share Capital	-	-
Balance as at March 31, 2017	2,25,30,025	22.53
Add: Changes in Equity Share Capital	-	-
Balance as at March 31, 2018	2,25,30,025	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	Fair Value of Financial Measurements	
Balance at April 1, 2016	**121.12**	**43.90**	**18.31**	-	**(250.24)**	-	-	**(66.91)**
Other comprehensive Income / (loss) for the year, net of tax	-	-	-	-	-	0.68	(3.32)	(2.64)
Profit/ (Loss) for the year	-	-	-	-	(159.98)	-	-	(159.98)
Balance at March 31, 2017	**121.12**	**43.90**	**18.31**	**-**	**(410.22)**	**0.68**	**(3.32)**	**(229.53)**
Other comprehensive Income / (loss) for the year, net of tax	-	-	-	-	-	(1.13)	(1.14)	(2.27)
Profit / (Loss) for the year	-	-	-	-	(154.86)	-	-	(154.86)
Balance at March 31, 2018	**121.12**	**43.90**	**18.31**	**-**	**(565.08)**	**(0.45)**	**(4.46)**	**(386.66)**

See Accompanying notes forming part of the Financial Statements

In term of our Report attached
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FRN : 104746W/W100096

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Consolidated Cash Flow Statement For The Year Ended March 31, 2018

(₹ in Crores)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
A. Cash flow from Operating activities		
Loss Before Tax	**(225.61)**	(201.66)
Add / (Deduct) Adjustment for :		
Depreciation and Amortization Expense	**104.48**	49.77
Loss / (Profit) on sale of property, plant & equipments, Investment Property (net)	**(12.32)**	(10.42)
Capital Work in Progress written off	**0.07**	26.03
Finance Cost	**172.25**	168.38
Interest Income	**(2.95)**	(2.90)
Fair Value of Financial Instruments	**(0.81)**	(0.28)
Interest expenses on Financial Instruments	**0.10**	0.02
Amortisation of processing fees on Term Loans	**1.02**	1.74
MMR Provisions	**9.59**	4.03
Rental Income from Investment Properties	**(1.94)**	(2.03)
Operating Profit/ (Loss) before Working Capital changes	**43.88**	32.68
Changes in Working Capital:		
Adjustment for (increase) / decrease in operating assets:		
Decrease in Inventories	**25.44**	14.63
(Increase)/ Decrease in Trade Receivable	**16.15**	(3.63)
(Increase) / Decrease Loans	**32.10**	(72.14)
(Increase)/ Decrease in other current assets and non-current financial assets	**8.99**	41.10
Adjustment for (increase) / decrease in operating liabilities:		
Increase/ (Decrease) in Trade Payables	**(61.74)**	1.96
Increase/(Decrease) in other current and financial liabilities (non-current)	**(44.08)**	(115.02)
Increase/ (Decrease) in Provisions	**(0.80)**	(0.17)
Cash Generated From / (used in) Operations	**19.94**	(100.59)
Direct Taxes (Paid)	**5.84**	(3.25)
Net Cash Flow from operating activities (A)	**25.78**	(103.84)
B. Cash Flow from investing activities		
Capital Expenditure for Property, Plant and Equipments, Investments Property, Intangible Assets including CWIP	**(11.37)**	(1.62)
Proceeds from disposal of Property, Plant and Equipment, Investment Property	**22.15**	29.10
Sale of Investments	**1.91**	3.90
Interest received	**2.95**	2.90
Rental Income from investment property	**1.94**	2.03
Net Cash flow from investing activities (B)	**17.58**	36.31

(₹ in Crores)

Particulars	**Year Ended March 31, 2018**	Year Ended March 31, 2017
C. Cash flow from financing activities		
Repayment of Debenture		
Proceeds from/ (Repayment) of long term borrowings	**98.27**	52.91
Net increase / (Decrease) in Working Capital borrowings	**24.49**	181.91
Finance Cost	**(172.25)**	(168.38)
Net Cash flow used in financing activities (C)	**(49.49)**	66.43
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	**(6.14)**	(1.11)
Cash and Cash Equivalent at the beginning of the year	**17.49**	18.60
Cash and Cash Equivalent at the end of theyear	**11.35**	17.49
Note: Figures in brackets represents cash outflow		
See accompanying notes forming part of the Financial Statements		

In term of our Report attached

For Kanu Doshi Associates LLP
Chartered Accountants
FRN : 104746W/W100096

For and on behalf of the Board

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Anil S. Korpe
Chief Financial Officer

Dinesh H. Valecha
Director
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Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

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.

The Consolodated financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) notified under Section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

These Consolidated financial statements are the first financial statements of the Company under Ind AS. The date of transition to IND AS is 1st April, 2016. Refer note 42 related to First-time Adoption of Ind AS for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

First-time adoption: In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Company's first Ind AS Consolidated financial statements include, three balance sheets viz. the opening balance sheet as at 1st April, 2016 and balance sheets as at 31st March, 2017 and 2018 and two statements each of profit and loss, cash flows and changes in equity for the years ended 31st March, 2017 and 2018 together with related notes. The same accounting policies have been used for all periods presented.

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-41). 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.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

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.

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

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to revenue.

2.7 Revenue recognition

2.7.1 Revenue from construction contracts is recognised by reference to the stage of completion of the contract activity for all contracts in accordance with Ind AS 11 - "Construction Contracts". The revenue from the execution of contracts is recognised proportionately with the degree of completion achieved under each contract, matching revenue with expenses incurred and after considering the total contract value and associated costs.

2.7.2 Contract prices are either fixed or subject to price escalation clause. Amounts due in respect of price escalation and/or variation in contract work approved by the customers are recognised as revenue only when there are conditions in the contracts for such claims or variations and/or evidence of the acceptability of the same from customers.

2.7.3 At the Cut off date, Uncertified work-in progress is recognised as revenues and is valued on the basis of best estimates made by management.

2.7.4 Contracts executed in Joint Ventures / Consortium under work sharing arrangement are accounted in accordance with the accounting policy followed by the Group 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 Group in the year in which the relative contract/s is/are completed / Income received.

2.7.5 Site development including initial expenses (shown in Project in progress) thereon is charged to the projects from the date of its revenue recognition.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

2.7.6 Progress payments received are adjusted against amounts receivable from customers in respect of the contract of work performed.

2.7.7 Expected loss, if any, on the construction/projects, related activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration.

2.7.8 Amounts retained by the customers until the satisfactory completion of the contracts are recognised in the consolidated financial statements as receivables. Where such retention has been released by the customers against submission of Bank Guarantees, the amount so released is adjusted against receivables from the customers and the value of the Bank Guarantees is disclosed as contingent liability.

2.7.9 Revenue is disclosed net of sales tax/VAT, Service Tax, Goods and Service Tax (GST) as applicable

Other Income

2.7.10 Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis.

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 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.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

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 recongnised 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.

2.10 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.

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.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

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 incomeand 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

(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.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

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.

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 it 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.

Depreciation and amortisation

Depreciation on Fixed Assets is calculated on "Straight Line Method" at the rates and 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.

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.

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.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

3 Property, Plant & Equipments Cost

(₹ in Crores)

Particulars	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
Balance as at April 01, 2016	4.10	3.65	146.55	9.47	15.87	179.64
Additions	-	-	0.25	0.12	1.25	1.62
Disposal / Adjustements	-	2.19	45.00	-	1.27	48.46
Balance as at March 31, 2017	4.10	1.46	101.80	9.59	15.85	132.80
Additions	-	-	0.23	0.04	-	0.27
Disposal / Adjustements	-	-	20.84	0.12	0.42	21.38
Balance as at March 31, 2018	4.10	1.46	81.19	9.51	15.43	111.69

Accumlated Depreciation

Particulars	Land-Freehold	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Total
Balance as at April 01, 2016	-	1.20	78.53	7.04	12.70	99.47
Depreciation / Amortization	-	0.03	13.55	1.07	0.82	15.47
Disposal / Adjustements	-	0.86	28.20	-	0.73	29.79
Balance as at March 31, 2017	-	0.37	63.88	8.11	12.79	85.15
Depreciation / Amortization	-	0.03	9.08	1.03	0.71	10.85
Disposal / Adjustements	-	-	12.14	0.11	0.31	12.56
Balance as at March 31, 2018	-	0.40	60.82	9.03	13.19	83.44

Carrying Amount

Note : Deemed cost as at April 1, 2016 which is the net carrying amount on April 1, 2016 which is tabulated as follows:

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
Land- Freehold	**4.10**	4.10	4.10
Buildings	**1.06**	1.09	2.45
Plant & Equipments	**20.37**	37.92	68.02
Furniture & Fixtures	**0.48**	1.48	2.43
Vehicles	**2.24**	3.06	3.17
Capital Work in Progress	**-**	-	-
Total	**28.25**	47.64	80.17

3.1 Capital Work in progress Cost

Equity	Capital Work in Progress	Total
Balance as at April 01, 2016	26.10	26.10
Additions	0.00	0.00
Disposal / Adjustements	26.03	26.03
Balance as at March 31, 2017	**0.07**	**0.07**
Additions	-	-
Disposal / Adjustements	0.07	0.07
Balance as at March 31, 2018	**-**	**-**

3.2 Investment Property Cost

Particulars	Buildings	Total
Balance as at April 01, 2016	8.03	8.03
Additions	-	-
Disposal / Adjustments	-	-
Balance as at March 31, 2017	**8.03**	**8.03**
Additions	-	-
Disposal / Adjustments	1.40	1.40
Balance as at March 31, 2018	**6.63**	**6.63**

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

Accumlated Depreciation (₹ in Crores)

Particulars	Building	Total
Balance as at April 01, 2016	1.05	1.05
Depreciations	0.13	0.13
Disposal / Adjustments	-	-
Balance as at March 31, 2017	**1.18**	**1.18**
Depreciations	0.12	0.12
Disposal / Adjustments	0.39	0.39
Balance as at March 31, 2018	**0.91**	**0.91**

Carrying Amount

Note : Deemed cost as at April 1, 2016 which is the net carrying amount on April 1, 2016 which is tabulated as follows:

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Buildings	**5.72**	6.85	6.98
Total	**5.72**	6.85	6.98

Amount recognised in statement of profit and loss for Investment Properties

Particulars		**As at 31-Mar-2018**	As at 31-Mar-2017
1	Rental Income	**1.94**	2.03
2	Direct operating expenses from property that did not generate rental income.	**0.51**	0.61
3	There are no restictions on the realisability of investment property.		
4	The 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- ₹ 53.31 crores (₹ 51.43 crores for March 31, 2017)		

Notes:

(a) The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount i.e. April 1, 2016 as its deemed cost on the date of transition to Ind AS i.e. April 1, 2016.

(b) The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

3.3 Other Intangible Assets

Cost

Particulars	Concessionaire Right	Total
Balance as at April 01, 2016	**628.81**	**628.81**
Additions	-	-
Disposal / Adjustements	-	-
Balance as at March 31, 2017	**628.81**	**628.81**
Additions	0.11	0.11
Disposal / Adjustements	59.35	59.35
Balance as at March 31, 2018	**569.56**	**569.56**

Accumlated Depreciation

Particulars	Concessionaire Right	Total
Balance as at April 01, 2016	**89.08**	**89.08**
Depreciation / Amortization	34.74	34.74
Disposal / Adjustements	0.58	0.58
Balance as at March 31, 2017	**123.24**	**123.24**
Depreciation / Amortization	34.74	34.74
Disposal / Adjustements	0.58	0.58
Balance as at March 31, 2018	**157.40**	**157.40**

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

Carrying Amount (₹ in Crores)

Note : Deemed cost as at April 1, 2016 which is the net carrying amount on April 1, 2016 which is tabulated as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Concessionaire Right	**412.14**	505.56	539.72
Total	**412.14**	505.56	539.72

3.4 Intangible Assets under development

At Cost

Particulars	Concessionaire Right	Total
Balance as at April 01, 2016	**173.91**	**173.91**
Additions	-	-
Capitalisation	-	-
Balance as at March 31, 2017	**173.91**	**173.91**
Additions	11.00	11.00
Capitalisation	-	-
Balance as at March 31, 2018	**184.91**	**184.91**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Concessionaire Right	**184.91**	173.91	173.91
Total	**184.91**	173.91	173.91

4 Investments

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at April 01, 2016	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
Unquoted & Fully Paid						
Equity Instruments						
In Associate Companies - At Cost						
Bhubaneshwar Express Ways Pvt Ltd (Face Value ₹10/- each)	**2,68,76,200**	**26.88**	2,68,76,200	26.88	2,68,76,200	26.88
Valecha Reality Ltd (Face Value ₹10/- each)	**24,950**	**0.02**	24,950	0.02	24,950	0.02
Aryavrat Tollways Pvt. Ltd. - Voting Shares (Face Value ₹10/- each)	**4,900**	**-**	4,900	-	4,900	-
Aryavrat Tollways Pvt. Ltd. - Non-Voting Shares (Face Value ₹ 10/- each)	**44,100**	**0.04**	44,100	0.04	44,100	0.04
		26.94		26.94		26.94
In Others (at FVTOCI)						
The Saraswat Co-op. Bank Ltd. (Face Value ₹10/- each)	**2,500**	**-**	2,500	-	2,500	-
The Janakalyan Sahakari Bank Ltd. (Face Value ₹10/- each)	**50,000**	**0.05**	50,000	0.05	50,000	0.05
Valecha Chambers Condominium (Face Value ₹ 100/- each)	**37**	**-**	37	-	37	-
Varun Cements Ltd. (Face Value ₹ 10/- each)	**42,800**	**0.02**	42,800	0.02	42,800	0.02
		0.07		0.07		0.07
Total		**27.01**		27.01		27.01
Aggregate amount of unquoted investments		**27.01**		27.01		27.01

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
5	**Other Non Current Financial Assets**			
	Unsecured, Considered good unless otherwise stated			
	Security Deposits	**0.07**	0.07	1.97
	Retention	**21.50**	12.45	45.48
	Others	**0.05**	0.05	0.05
	Total	**21.62**	12.57	47.50
6	**Other Non Current Assets**			
	Balances with Government Authorities	**27.06**	34.56	32.06
	Deposits	**0.01**	0.01	0.01
	Total	**27.07**	34.57	32.06
7	**Inventories**			
	(As taken, valued & certified by Management)			
	Stock of Materials	**15.19**	40.64	55.27
	Total	**15.19**	40.64	55.27
8	**Investments**			
	Quoted & Fully Paid Equity Instruments - Others			
	Jyoti Structures Limited	**-**	1.51	5.92
	Nil(FY 2017-18), 18,57,154 (FY 2016-17), 54,31,400 (FY 2015-16) (Face Value ₹ 2/- each)			
		-	1.51	5.92
9	**Trade Receivables**			
	Unsecured			
	Considered Good*	**241.88**	258.03	254.39
	Considered Doubtful	**-**	-	-
		241.88	258.03	254.39
	Less: Allowance for doubtful trade receivables	**-**	-	-
	Total	**241.88**	258.03	254.39
	*Refer note no. 50			
10	**Cash and Cash Equivalents**			
	Cash on Hand	**0.22**	0.22	1.03
	Balances with Banks			
	- In Current Accounts (including money-in-transit)	**11.12**	17.27	17.57
	Total	**11.35**	17.49	18.60
11	**Other Bank Balances**			
	Earmarked Balances with Banks			
	- Unpaid Dividend Accounts	**0.12**	0.14	0.16
	- Margin Money Deposit	**8.65**	12.91	46.70
	Total	**8.76**	13.04	46.85
12	**Loans**			
	Unsecured, considered good unless otherwise stated			
	Loans to Related Parties	**48.27**	60.10	20.02
	Loans and Advances to Employees	**0.16**	0.16	0.27
	Other Loans and advances	**131.94**	153.79	124.53
	Total	**180.36**	214.05	144.82

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
13	**Other Financial Assets**			
	Advance Recoverable	**1.69**	1.56	1.57
	Security Deposits with Contractees	**85.49**	98.40	71.47
	Total	**87.18**	99.96	73.04
14	**Other Current Assets**			
	Balance with Government Authorities	**43.41**	43.46	40.10
	Others	**1.17**	1.30	3.74
	Total	**44.58**	44.76	43.84

(₹ in Crores)

	Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Amount	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount	As at April 01, 2016 No. of shares	As at April 01, 2016 Amount
15	**Share Capital**						
	Authorised:						
	Equity Shares of ₹ 10/- each	**3,50,00,000**	**35.00**	3,50,00,000	35.00	3,50,00,000	35.00
	Issued, Subscribed & paid up:				-		
	Equity Shares of ₹ 10/- each	**2,25,30,025**	**22.53**	2,25,30,025	22.53	2,25,30,025	22.53

15.1 Reconciliations of the number of equity shares and amount outstanding at beginning and end of the year

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 Amount	As at 31st March, 2017 No. of shares	As at 31st March, 2017 Amount	As at April 01, 2016 No. of shares	As at April 01, 2016 Amount
Balance at beginning of the year	**2,25,30,025**	**22.53**	2,25,30,025	22.53	2,25,30,025	22.53
Add: Changes in Equity Share Capital	**-**	**-**	-	-	-	-
Balance at the end of the year	**2,25,30,025**	**22.53**	2,25,30,025	22.53	2,25,30,025	22.53

15.2 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.

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

Particulars	As at 31st March, 2018 No. of shares	As at 31st March, 2018 %	As at 31st March, 2017 No. of shares	As at 31st March, 2017 %	As at April 01, 2016 No. of shares	As at April 01, 2016 %
Valecha Investment Pvt. Ltd.	**69,33,249**	**30.77**	69,33,249	30.77	69,33,249	30.77
Hypnos Fund Limited	**20,00,000**	**8.88**	20,00,000	8.88	20,00,000	8.88

16 Other Equity

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
16.1	**Securities Premium Account**	**121.12**	121.12	121.12
16.2	**General Reserve**	**43.90**	43.90	43.90
16.3	**Retained Earnings**	**(565.08)**	(410.22)	(250.24)
16.4	**Compulsory Convertible Debentures (CCD) (Unsecured)**	**18.31**	18.31	18.31
	1,31,10,000 Unsecured Compulsory Convertible Debentures of ₹ 10 each issued on 23.12.2010 to be converted any time between period of 5 to 10 years from the Commercial Operations Date			
	52,00,000 Unsecured Compulsory Convertible Debentures of ₹ 10 each issued on 04.10.2012 to be converted after 10 years from the date of issue.			
16.5	**Other Comprehensive Income**	**(4.91)**	(2.63)	-
	Total	**(386.66)**	(229.52)	(66.91)

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

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.

(₹ in Crores)

	Particulars	As at March 31, 2018 Amount	As at March 31, 2017 Amount	As at April 01, 2016 Amount
17	**Non Current Borrowings**			
	Secured			
	Term Loans :			
	From Banks	**594.66**	671.72	734.50
	From Financial Institutions	**-**	12.82	29.77
	Unsecured			-
	Fixed Deposits	**-**	-	10.52
	Related Parties	**-**	-	-
	Total	**594.66**	684.54	774.78

Note : Current Maturity of above term loan of ₹ 533.04 crores (as at march 31, 2017 - ₹ 343.78 Crores, as at April 1, 2016 ₹ 198.87 Crores) has been grouped under other current financial liabilities (Note No. 23) as current maturity of long term borrowings & fixed deposits.

17.1 Term of Repayment & Security details of Borrowings

(₹ in Crores)

	Repayment tenure & Security nature	Last installment Date	Rate of Interest	Amount outstanding As at March 31, 2018	March 31, 2017	April 1, 2016
17.1.a	**Valecha Engineering Limited**					
1	Repayable in 48 monthly installments, Secured by exclusive charge on specific Machineries	Oct-16	8.00%	**-**	0.11	1.76
2	Repayable in 36 monthly installments, Secured by exclusive charge on vehicles	Jun-16	10.25%	**-**	0.02	0.05
3	Repayable in 36 monthly installments, Secured by exclusive charge on vehicles	May-16	10.75%	**-**	-	0.02
4	Repayable in 36 monthly installments, Secured by exclusive charge on vehicles	Jun-16	10.25%	**-**	0.01	0.02
5	Repayable in 36 monthly installments, Secured by exclusive charge on Machinery	Repaid	8.60%	**-**	-	0.08
6	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**	42.67	37.12
7	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**	13.67	12.34

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Repayment tenure & Security nature	Last installment Date	Rate of Interest	Amount outstanding As at		
				March 31, 2018	March 31, 2017	April 1, 2016
8	Term LoanRepayable 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**	69.29	61.61
9	Repayable in 60 monthly installments, secured by exclusive charge on the property purchased	Mar-19	10.50%	**-**	2.56	2.15
10	Repayable in 18 quarterly installments, secured by first & exclusive charge on the specific immovable property & JSL & VIL Shares	Sep-20	12.15%	**16.70**	15.00	42.01
11	Repayable in 36 monthly installments, secured by first & exclusive charge on the specific machine	Jul-17	10.25%	**-**	0.01	0.04
12	Repayable in 36 monthly installments, secured by first & exclusive charge on the specific vehicles	Jul-17	10.25%	**-**	0.10	0.34
13	Repayable in 36 monthly installments, secured by first & exclusive charge on the specific Machineries	Jul-17	10.25%	**-**	0.07	0.25
14	Repayable in 36 monthly installments, secured by first & exclusive charge on the specific Machineries	Jul-17	10.25%	**-**	0.03	0.11
15	Repayable in 46 monthly installments, secured by first & exclusive charge on the specific vehicles	Nov-18	10.50%	**0.21**	0.47	0.73
16	Repayable in 60 monthly installments, secured by exclusive charge on the specific Machineries	Sep-20	14.00%	**28.65**	23.76	36.77
17	Repayable in single payment, secured against Bank Guarantees	Repaid	13.75%	**-**	-	35.00
18	Repayable in 36 monthly installments, secured by exclusive charge on the specific Machineries	Sep-18	14.00%	**3.72**	2.99	2.68
17.1.b	**Valecha Infrastructure Limited**					
19	Repayable in 18 quarterly installments, secured by pledge of shares & Immovable Property	Sep-20	11.50%	**33.98**	46.25	50.00
20	Repayable in 18 quarterly installments, secured by pledge of shares & Immovable Property	Sep-21	11.65%	**35.60**	40.07	-

	Repayment tenure & Security nature	Last installment Date	Rate of Interest	Amount outstanding As at		
				March 31, 2018	March 31, 2017	April 1, 2016
17.1.c	**Valecha LM Toll Pvt Limited**					
21	Repayable in 44 unequal quarterly installments, secured by first mortgage charge over the properties and assets along with assigment of all the revenues of the borrower from the project along with other securities	Nov-29	11.55%	**182.50**	198.88	203.10
17.1.d	**Valecha Badwani Sendhwa Tollways Limited**					
22	Repayable in 47 unequal quarterly installments, secured by first charge over the properties and assets along with assigment of all the revenues of the borrower from the project along with other securities	May-29	11.40%	**55.29**	55.14	58.93

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

17.2 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, 2018) Principal	Interest	Total
17.2.a	**Valecha Engineering Limited**				
	Term Loan				
	Central Bank of India	30 to 914 Days	35.98	13.04	49.02
	Syndicate Bank	30 to 821 Days	58.16	19.71	77.87
	Yes Bank	1 to 396 Days	14.68	1.84	16.52
	State Bank of India	30 to 731 Days	12.08	3.47	15.55
	Machinery Loan				
	SREI Equipment Finance Ltd	1 to 365 Days	28.12	3.48	31.60
	Fixed Deposits from Public	1 to 1308 Days	29.03	2.62	31.65
	Total (a)		**178.05**	**44.16**	**222.21**
17.2.b	**Valecha Infrastructure Limited**				
	Term Loan				
	Yes Bank	1 to 31 Days	66.57	0.62	67.19
	Total (b)		**66.57**	**0.62**	**67.19**
17.2.c	**Valecha Kachchh Toll Roads Ltd.**				
	Term Loan				
	Canara Bank	1 to 669 Days	213.33	86.54	299.87
	Indian Overseas Bank	1 to 669 Days	161.99	44.45	206.44
	Total (c)		**375.32**	**130.99**	**506.31**
17.2.d	**Valecha LM Toll Pvt. Ltd.**				
	Term Loan				
	State Bank of India	1 to 486 Days	96.45	12.95	109.40
	Axis Bank Ltd	1 to 486 Days	86.05	16.89	102.94
	Total (d)		**182.50**	**29.84**	**212.34**
	Total (a+b+c+d)		**802.44**	**205.61**	**1,008.05**

(₹ in Crores)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
18	**Other Financial Liabilities**			
	Advance from Contractees	**0.55**	12.50	36.95
	Non Current Liabilities - Trade	**41.36**	64.67	62.66
	Non Current Liabilities - Others	**36.32**	47.77	70.40
	Total	**78.23**	124.94	170.01
19	**Deffered Tax Liabilities (Net)**			
	Deferred Tax Liabilities			
	Differences in WDV in Block of Fixed Assets as per Tax Books and Financial Books	**4.81**	8.88	13.73
	Deferred Tax Assets			
	Carry Forward Losses as per the Income Tax Act 1961 *(Recognised to the extent of Deferred tax liabilities)*	**1.04**	3.01	6.64
	Deffered Tax Liabilities (Net)	**3.77**	5.87	7.09
20	**Other Non-Current Liabilities**			
	Provision for contractual obligations	**22.54**	12.95	8.92
	Total	**22.54**	12.95	8.92
21	**Borrowings**			
	From Banks - Secured :			

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Working Capital Loans - Cash Credit Limits	**211.49**	185.72	72.99
Short Term Facilities	**56.75**	50.32	33.10
From Others - Unsecured :			
Other Short Term Loans	**17.38**	18.63	6.49
Related Parties	**35.91**	42.38	2.57
Total	**321.54**	297.05	115.14

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. Paripassu 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 March31, 2018)		Total
		Principal	Interest	
Valecha Engineering Limited				
Working Capital Facilities				
State Bank of India	1 to 733 days	169.63	44.49	214.12
Axis Bank Ltd	1 to 731 days	71.67	22.95	94.62
Canara Bank	1 to 903 days	22.81	1.92	24.73
Total		264.11	69.36	333.47

Working capital loans are secured by hypothication of book debts, current assets, unencumbered plant & 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 March 31, 2018	As at March 31, 2017	As at April 01, 2016
22	**Trade Payables**			
	Dues of Micro and Small Enterprises	**2.77**	2.77	2.84
	Others	**111.42**	173.16	171.13
	Total	**114.20**	175.93	173.97
22.1	**The details of amounts outstanding to Micro and Small Enterprises based on information available with the Company is as under :**			
	a. Principal amount remaining unpaid	**2.77**	2.77	2.84
	b. Interest due thereon remaining unpaid	**0.73**	0.73	0.73
	c. Interest paid	**-**	-	-
	d. Payment made beyond the appointed day during the year	**-**	0.07	-
	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	**-**	-	-
	Total	**3.50**	3.57	3.57

22.2 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.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
23	**Other Financial Liabilities**			
	Current maturities of Long Term Borrowings *(Refer Note 17.1 & 17.2)*	**504.01**	309.10	171.15
	Current Maturities of Fixed Deposits *(Refer Note 17.1 & 17.2)*	**29.03**	34.68	27.72
	Current Maturities of Advance from Contractees	**28.64**	23.15	50.65
	Secured Advance from Contractees	**0.94**	1.61	3.90
	Unclaimed Dividends	**0.11**	0.13	0.15
	Retention from Sub-contractors	**36.51**	22.85	56.14
	Total	**599.24**	391.52	309.71
24	**Other Current Liabilities**			
	Statutory Dues	**18.12**	21.53	20.40
	Others	**17.03**	29.47	37.58
	Total	**35.14**	51.00	57.98
25	**Provisions**			
	Provision for Employee Benefits			
	Bonus	**0.13**	-	-
	Gratuity	**0.77**	0.58	1.43
	Total	**0.90**	0.58	1.43

	Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
26	**Revenue from Operations**		
	Income from Contract and Services	**207.80**	410.93
	Revenue from Toll collection and Annuity	**44.83**	41.38
	Total	**252.64**	452.31
27	**Other Income**		
	Interest on Fixed Deposits	**0.59**	1.67
	Interest from Others	**2.36**	1.23
	Lease Rental Income	**1.94**	2.03
	Foreign Exchange Fluctuation Gain	**0.06**	-
	Sundry balances written back	**22.93**	7.74
	Excess Provision of earlier years written back	**10.97**	-
	Profit on Sale of Fixed Assets / Investment	**12.33**	10.42
	Miscellaneous Income	**2.92**	2.08
	Total	**54.10**	25.17
28	**Construction Expenses**		
	Materials Purchase	**34.16**	72.06
	Sub-Contracting and Transportation Expenses.	**94.62**	211.61
	Power and Fuel	**3.35**	5.24
	Value Added Tax, Service Tax & Labour Cess	**5.18**	12.97
	Repairs, Rent & Maintenances to Plant & Machineries and Vehicles	**4.02**	10.91
	Insurance	**0.78**	0.53
	Site Expenses	**43.89**	55.05
	Total	**185.99**	368.38

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
29	**Changes in Inventories**		
	Opening Stock	**40.64**	55.27
	Less: Closing Stock	**15.19**	40.64
	Total	**25.44**	14.63
30	**Employee Benefits Expenses**		
	Salaries, Wages, and Bonus	**9.63**	16.81
	Contribution to Provident Fund, Gratuity and other funds	**(0.19)**	2.04
	Welfare Expenses	**0.14**	0.16
	Total	**9.58**	19.01
31	**Finance Cost**		
	Interest Expenses		
	- Banks	**165.61**	151.87
	- Financial Institutions	**4.05**	7.17
	- Others Parties	**1.24**	7.26
	Interest cost on Security deposits	**0.10**	0.02
	Loan Processing Fees	**1.24**	2.06
	Total	**172.25**	168.38
32	**Other Expenses**		
	Rent, Rates and taxes	**0.24**	0.31
	Rent and Hire Charges	**0.14**	0.16
	Printing and stationery	**0.05**	0.04
	Telephone and Postage	**0.13**	0.16
	Advertisement	**0.02**	0.01
	Traveling and conveyance	**0.30**	0.34
	Business promotion	**0.24**	0.18
	Electricity charges	**0.41**	0.43
	Professional Fees	**6.29**	2.16
	Office Maintenance	**1.01**	1.14
	Repairs and Maintenance	**3.85**	4.05
	Toll Operator Fees	**0.22**	0.20
	MMR Provision	**9.59**	4.03
	Toll Collection System - AMC	**0.09**	0.09
	MPRDC Premium	**1.35**	1.29
	Tender Expenses	**0.04**	0.10
	Bank charges	**0.25**	0.37
	Directors Remuneration	**2.37**	2.57
	Foreign Exchange Fluctuations	**-**	0.46
	Payments to Auditor	**0.23**	0.35
	General expenses	**0.76**	0.44
	Fixed Assets Written Off	**0.02**	-
	Irrecoverable debts written off	**7.05**	13.52
	Sundry balances written off	**0.01**	0.13
	Total	**34.64**	32.52

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

	Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
32.1	**Auditors Remunerations**		
	Audit Fees	**0.19**	0.30
	Certification and Other Services including Service Tax and Goods and Service Tax	**0.04**	0.05
	Total	**0.23**	0.35
33	**Exceptional Items (Net)**		
	Pre-operative Expenses	**(0.07)**	-
	Profit /(Loss) on sale of investment	**0.10**	(0.42)
	Impairment of CWIP	**-**	(26.03)
	Total	**0.03**	(26.45)

34 Earnings per Share

Particulars	2017-18	2016-17
Profit attributable to Equity Shareholders (₹ in crores)	**(225.18)**	(201.20)
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 ₹)	**10.00**	10.00
Basic & Diluted earning per Share (in ₹)	**(99.95)**	(89.30)

35 Contingent Liabilities

Contingent Liabilities are not provided for and are as below :

	Particulars	2017-18	2016-17	2015-16
1	Outstanding Letter of Credits / Bank Guarantee	**100.75**	148.25	306.07
2	Dispute with Suppliers	**4.66**	4.66	4.43
3	Late payment and over limit charges on credit card dues	**5.89**	5.89	-

36 Disclosure pursuant to Ind AS – 11 “Construction Contracts”

	Particulars	2017-18	2016-17
a.	Contract revenue recognised as revenue in the year	**206.97**	410.93
b.	Aggregate of contract costs incurred and recognised profits (less recognised losses) up to the reporting date for contracts in progress	**211.47**	383.05
c.	Amount of advances received for contracts in progress	**66.75**	73.89
d.	Amount of retention money for contracts in progress	**21.50**	12.45
e.	Gross amount due from customers for contract work	**243.86**	259.70

37 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.

38 CSR Expenditure

Corporate Social Responsibility (CSR) - In view of losses incurred, expenditure on CSR is not applicable for current financial year. In Previous year too expenditure on CSR was not applicable.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

39 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
Associate Companies	Valecha Reality Ltd.
	Bhubaneshwar Express Ways Pvt. Ltd.
	Aryavrat Tollways Pvt. Ltd.
Enterprises where KMPs have significant influence	Gopaldas Vasudev Construction Pvt. Ltd.
	Valecha Power Ltd.
	Valecha Gulf Contracting & Foundations LLC
	Juhu Beach Real Estate Pvt Ltd.
	Valecha Investment Pvt. Ltd.
Joint Ventures	Ashoka Buildcon - VEL (JV)
	Valecha - ECCI (JV)
	Valecha - SGCCL (JV)
	Valecha - Transtonnelstroy (JV)
	KSSIIPL - VEL (JV)
	Valecha - VKJ (JV)
	Valecha - Shivalaya - Intradel (JV)
Key Management Personnel (KMP)	
Chairman	Arvind Thakkar
Vice-Chairman-cum Managing Director	Jagdish K. Valecha
Whole Time Director	Dinesh H. Valecha
Whole Time Director (upto 10-08-2016)	Umesh H. Valecha
Excutive Director (w.e.f. 26-06-2017 to 26-06-2018)	Tarun Dutta
Company Secretary & Legal	Vijay Kumar H. Modi
Chief Financial Officer	Anil S. Korpe
Relatives of Key Management Personnel	Karan Jagdish Valecha
	Kapil Jagdish Valecha

Note: Related party relationship is as identified by the Group and relied upon by the Auditor.

40 Details of Transactions with Related Parties

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

	Particulars	2017-18	2016-17	As at April 1, 16
a.	Deposit / Loans / Repayment received during the year	**0.13**	32.30	2.51
b.	Deposit / Loans given / Repaid during the year	**1.26**	-	3.02
c.	Interest Received	**-**	-	0.47
d.	Interest Paid	**-**	-	0.01
e.	Outstanding Balance - Amount Payable	**(28.19)**	(29.32)	(0.81)
f.	Outstanding Balance - Amount Receivable	**12.58**	12.58	12.58

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

ii. Transactions with Joint Ventures

	Particulars	2017-18	2016-17	As at April 1, 16
a.	Sales	**12.60**	31.27	10.32
b.	Advance received during the year	**-**	-	
c.	Advance repaid during the year	**-**	-	
d.	Outstanding Balance - Amount Receivables	**45.64**	45.88	33.37

iii. Transactions with Key Management Personnel (KMP)

Particulars	2017-18	2016-17
Remuneration paid during the year	2.68	2.65
Sitting Fees	0.02	0.00

iv. Transactions with relatives of Key Management Personnel (KMP)

Particulars	2017-18	2016-17
Remuneration paid during the year	0.45	0.43

41 The List of subsidiaries included in the Consolidated Financial Statements are as under

No.	Name of the subsidiary company	Country of incorporation	Proportion of ownership interest & voting power as at	
			31-Mar-18	31-Mar-17
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%

Note: The Holding Company has not considered three associate companies and seven joint venture partnership firms while preparing consolidated IND AS 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	2017-18		2016-17		2015-16	
	As at year end	Maximum balance during year	As at year end	Maximum balance during year	As at year end	Maximum balance during year
Valecha Investment Pvt. Ltd.	**7.28**	**7.28**	7.28	7.28	7.28	8.26
Valecha Gulf Contracting & Foundation L.L.C.	**0.94**	**0.94**	0.94	0.94	0.94	0.94
Valecha Power Ltd.	**0.02**	**0.02**	0.01	0.01	0.01	0.01
Valecha Reality Ltd.	**0.28**	**0.28**	0.28	0.28	0.28	0.28
Juhu Beach Real Estate Pvt Ltd.	**4.07**	**4.07**	4.07	4.07	4.07	4.07
Total	**12.58**	**12.58**	12.58	12.58	12.58	13.56

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

42 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 Providend Fund. The expenses recognised for the year are as under :

Particulars	2017-18	2016-17
Employer's Contribution to Providend Fund	**0.44**	1.05
Employer's Contribution to Employee's state Insurance	**0.01**	0.01
Employer's Contribution to Pension Fund	**0.13**	0.36

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

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 2018 and 31 March 2017.

	Particulars	2017-18	2016-17
i	**Changes in present value of obligations**		
	Present value of obligations as at the beginning of year	**0.58**	1.43
	Interest cost	**0.05**	0.11
	Current Service Cost	**0.07**	0.14
	Past Service Cost	**0.12**	-
	Benefits Paid	**(0.33)**	(0.42)
	Actuarial gain on obligations	**1.12**	(0.69)
	Present value of obligations as at the end of year	**1.61**	0.58
ii	**Changes in the fair value of plan assets**		
	Fair value of plan assets at the beginning of year	**0.51**	0.79
	Expected return on plan assets	**0.04**	0.06
	Contributions	**0.12**	0.09
	Benefits paid	**(0.33)**	(0.42)
	Actuarial gain on Plan assets	**(0.00)**	(0.00)
	Fair value of plan assets at the end of year	**0.34**	0.51
iii	**Change in the present value of the defined benefit obligation and fair value of plan assets**		
	Present value of obligations as at the end of the year	**(1.61)**	(0.58)
	Fair value of plan assets as at the end of the year	**0.34**	0.51
	Net (liability) / asset recognized in balance sheet	**(1.27)**	(0.06)
	Amount recognised in the statement of profit and loss under employee benefit expenses.		
	Expenses Recognised in statement of Profit & Loss		
	Current Service cost	**0.07**	0.14
	Interest Cost	**0.01**	0.05
	Expected return on plan assets	**0.12**	-
	Net Actuarial gain recognised in the year	**-**	-
	Expenses recognised in statement of Profit & Loss Account	**0.20**	0.19
	Amount recognised in the statement of other comprehensive income (OCI).		
	Actuarial Gain/Loss recognized		
	Actuarial (gain)/losses on obligation for the year	**1.12**	(0.69)
	Return on Plan Asset, excluding Interest Income	**0.00**	0.00
	Change in Asset ceiling	**-**	-
	Net (Income)/Expense for the period recognized in OCI	**1.13**	0.68

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

43 Deferred taxes not recognised (₹ in Crores)

In absence of resonable certainity, the Group has not recognnised Deferred Tax Assets to the extent mentioned below in the table.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred Tax Assets in relation to :			
Carried Forward Losses	**36.86**	27.59	13.84
Property, plant and equipment/Investment Property/Other Intangible Assets	**(1.04)**	(3.01)	(6.64)
Total	**35.82**	24.58	7.20

44 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.

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Borrowing	**1449.24**	1325.36	1088.79
Total equity	**(472.38)**	(244.93)	(41.11)
Borrowing to equity	**(3.07)**	(5.41)	(26.48)

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.

45 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.

45.1 Market risk

The Group is primarily exposed to the following market risks.

45.1.1 **Foreign Currency risk management -** The Group does not have any foreign currency risk.

45.1.2 **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.

45.1.3 **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.

45.2 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 principal customers being reputed production houses, national broadcasters and major organisations which the Group has worked with for number of years. However, as Group grows its customer base and works with more independent producers 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.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 551.15 crores, ₹ 615.21 crores and ₹ 585.20 crores as at March 31, 2018 and March 31, 2017 respectively, 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. Reader are requested to read this note along with note no. 46 of the financial statements.

45.3 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	2017-18			2016-17			As at 1st April 2016		
	Less than 1 year	Between 1 and 5 years	Total	Less than 1 year	Between 1 and 5 years	Total	Less than 1 year	Between 1 and 5 years	Total
a. Borrowings	854.58	594.66	**1,449.24**	640.82	684.54	**1,325.36**	314.01	774.78	**1,088.79**
b. Trade Payables	114.20	-	**114.20**	175.93	-	**175.93**	173.97	-	**173.97**
c. Other Financial Liabilities	66.20	78.23	**144.43**	47.74	124.94	**172.68**	110.84	170.01	**280.85**
Total	**1,034.97**	**672.89**	**1,707.86**	**864.50**	**809.48**	**1,673.97**	**598.82**	**944.79**	**1,543.61**

45.4 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

45.4.1 **Category-wise classification for applicable financial assets:**

Particulars	Note	As at 31-Mar-18	As at 31-Mar-17	As at 01-Apr-16
Measured at fair value through Profit or Loss (FVTOCI)				
Investment in equity shares	4, 8	**0.07**	1.58	5.99
Measured at amortised cost:				
Security Deposits - Non Current	5	**21.62**	12.57	47.50
Security Deposits - Current		**85.49**	98.40	71.47
Loans	12	**180.36**	214.05	144.82
Trade receivables	9	**241.88**	258.03	254.39
Total		**529.42**	584.63	524.17

45.4.2 **Category-wise classification for applicable financial liabilities:**

Particulars	Note	As at 31-Mar-18	As at 31-Mar-17	As at 01-Apr-16
Measured at amortised cost:				
Borrowings - Non current	17	**594.66**	684.54	774.78
Borrowings - Current (Short Term)	22	**321.54**	297.04	115.14
Borrowings - Current maturities of long term borrowings & fixed deposits	24	**533.04**	343.78	198.87
Trade payables	23	**114.20**	175.93	173.97
Retention money from Sub-contractors	24	**36.51**	22.85	56.14
Measured at fair value through Other Comprehensive Income (FVTOCI)		**-**	-	-
Total		**1,599.95**	1,524.14	1,318.90

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.

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

46 FIRST TIME ADOPTION OF IND AS

46.1.a These consolidated financial statements, for the year ended March 31, 2018 have been prepared in accordance with the Ind AS. For the purpose of transition to Ind AS, the Group has complied with Ind AS 101 – "First time adoption of Indian Accounting Standard" for exemptions and exceptions, on transition date (i.e. April 1, 2016) and Indian GAAP is the previous GAAP followed by the Group.

The transition to Ind AS has resulted in changes in the presentation of consolidated financial statements, disclosures in the notes and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the consolidated financial statements for the year ended March 31, 2018 and the comparative information. Accordingly, the impact of transition has been provided in the Opening reserves as at 1st April 2016.

46.2 Exemption and exception availed

Set out are the applicable Ind AS 101 optional exemptions and mandatory exemptions applied in the transition from previous GAAP to Ind AS.

46.2.1 Ind AS optional exemptions

(i) Deemed cost for investments in Subsidiaries, associates and Other entities

The Group has elected to continue with the carrying value for all its investments in subsidiaries and associates as of April 1, 2016 measured under Indian GAAP as deemed cost as of April 1, 2015 (transition date) except certain investments where fair value has been considered as deemed cost.

(ii) Deemed Cost - Property, Plant and Equipment, Capital work-in-progress and Intangible Assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the Consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the group has elected to measure all of its property, plant and equipment, Capital work-in-progress and intangible assets at their previous GAAP carrying values.

46.2.2 Ind AS mandatory exemptions

(i) Derecognition of Financial Assets (i.e. Loans, Accrued Interest etc.)

Ind AS 101 requires a first time adopter to apply the de-recognition provisions for Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows first time adopter to apply the derecognition requirements provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past Ind AS 101 retrospectively from the date of entity's choosing, transactions was obtained at the time of initially accounting for the transactions.

46.3 The effect of the Company's transition to Ind AS is summarized as reconciliations of Equity, Profit and Total comprehensive income with Indian GAAP as explained below:

46.3.a **Effect of Ind AS adoption on Consolidated Balance Sheet as previously reported under Indian GAAP to Ind AS.**

Particulars	Note No.	As at 31st March, 2017 (End of last period presented as per IGAAP)			As at 1st April, 2016 (Date of Transition)		
		I-GAAP	Ind AS Adjustment	Ind AS	I-GAAP	Ind AS Adjustment	Ind AS
Non - Current Assets							
(a) Property, Plant and Equipment		47.64	-	47.64	80.17	-	80.17
(b) Capital work - in - progress		0.07	-	0.07	26.03	-	26.03
(c) Investment Property	A	-	6.85	6.85	-	6.98	6.98
(d) Goodwill		1.80	-	1.80	1.80	-	1.80
(e) Other Intangible Assets	B	518.80	(13.24)	505.56	553.54	(13.82)	539.72
(f) Intangible assets under development		173.91	-	173.91	173.91	-	173.91
(g) Financial assets		-	-	-	-	-	-
(i) Investments	A	35.04	(8.03)	27.01	35.04	(8.03)	27.01
(iii) Other Financial Assets	C	17.22	(4.65)	12.57	49.51	(2.01)	47.50
(h) Other non - current assets		34.57	-	34.57	32.06	-	32.06
Current Assets							
(a) Inventories		40.64	-	40.64	55.27	-	55.27
(b) Financial assets		-	-	-	-	-	-
(i)Other Investments	D	1.91	(0.40)	1.51	83.26	(77.34)	5.92
(ii) Trade Receivables		258.03	-	258.03	254.39	-	254.39
(iii) Cash & Cash Equivalents		17.49	-	17.49	18.60	-	18.60
(iv) Bank Balances other than (iii) above		13.04	-	13.04	46.85	-	46.85
(v) Loans		214.05	-	214.05	144.82	-	144.82
(vi) Other Financial Assets		99.96	-	99.96	73.04	-	73.04
(c) Other current assets	E	43.82	0.95	44.77	42.56	1.28	43.84
Total Assets		**1,518.00**	**(18.53)**	**1,499.46**	**1,670.85**	**(92.94)**	**1,577.92**

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2018

(₹ in Crores)

Particulars	Note No.	As at 31st March, 2017 (End of last period presented as per IGAAP)			As at 1st April, 2016 (Date of Transition)		
		I-GAAP	Ind AS Adjustment	Ind AS	I-GAAP	Ind AS Adjustment	Ind AS
Equity							
(a) Equity Share Capital		22.53	-	22.53	22.53	-	22.53
(b) Other equity	J	(243.80)	14.28	(229.52)	(9.96)	(56.95)	(66.91)
Equity Attributable to Shareholders		**(221.27)**	**14.28**	**(206.99)**	**12.57**	**(56.95)**	**(44.38)**
(c) Non-Controlling Interest	J	(25.60)	(12.34)	(37.94)	9.82	(6.55)	3.27
Total Equity		**(246.86)**	**1.94**	**(244.92)**	**22.40**	**(63.51)**	**(41.11)**
Liabilities							
Non Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	E	704.27	(19.73)	684.54	796.25	(21.47)	774.78
(ii) Other Financial Liabilities	F	124.87	0.07	124.94	170.08	(0.07)	170.01
(b) Deferred tax liabilities (Net)	G	20.34	(14.47)	5.87	23.91	(16.82)	7.09
(c) Other Non-Current Liabilities	H	0.03	12.92	12.95	(0.00)	8.92	8.92
Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		297.04	-	297.04	115.14	-	115.14
(ii) Trade payables		175.93	-	175.93	173.97	-	173.97
(iii) Other financial liabilities		391.52	-	391.52	309.71	-	309.71
(b) Other current liabilities	H	50.25	0.74	51.00	57.98	-	57.98
(c) Provisions		0.60	-	0.60	1.41	-	1.41
(d) Current tax Liabilities (Net)		-	-	-	-	-	-
Total Equity and Liabilities		**1,518.00**	**(18.53)**	**1,499.46**	**1,670.85**	**(92.94)**	**1,577.92**

46.3.b **Effect of Ind AS adoption on Consolidated Statement of Profit and loss as previously reported under Indian GAAP to Ind AS.**

Particulars	Note No.	For the year ended 31 March 2017		
		I-GAAP	Ind AS Adjustment	Ind AS
Revenue from operations		452.31	-	452.31
Other income	C	24.90	0.28	25.17
Total Income		**477.21**	**0.28**	**477.48**
EXPENSES				
Construction Expenses		368.38	-	368.38
Changes in Inventories		14.63	-	14.63
Employee Benefit Expenses	I	18.33	0.68	19.01
Finance Cost	E & F	166.30	2.08	168.38
Depreciation and Amortization Expenses	A & B	50.22	(0.45)	49.77
Other Expenses	H	29.79	2.73	32.52
Total Expenses		**647.64**	**5.05**	**652.69**
Profit/ (Loss) Before Exceptional Items and Tax		**(170.43)**	**(4.77)**	**(175.22)**
Exceptional Items	D	(103.91)	77.46	(26.45)
Profit/ (loss) Before Tax		**(274.34)**	**72.69**	**(201.67)**
Tax Expenses				
Current Tax (Including earlier year taxation)		-	0.75	0.75
Deffered Tax	G	(3.57)	2.35	(1.22)
Profit/(Loss) for the year		**(270.77)**	**69.59**	**(201.20)**
Less: Non-Controlling interest		(35.42)	(5.79)	(41.21)
Profit / (Loss) for the Period attributable to Shareholders		**(235.34)**	**75.37**	**(159.99)**
Other Comprehensive Income - Fair value of Financial Instrument	C & F			(2.80)
Other Comprehensive Income - Fiar Value of Equity Instrument				(0.52)
Other Comprehensive Income - Acturial Gain	I			0.68
Total Comprehensive Income for the year				**(203.84)**

46.3.c **Reconciliation of total equity as at March 31, 2017 and April 1, 2016** (₹ in Crores)

Particulars	Note No.	As at 31-Mar-17	As at 1-Apr-16
Equity as per IGAAP		(246.86)	22.40
Adjustments on transition to Ind AS:			
(a) Depreciation on investment property	A	(1.18)	(1.05)
(b) Fair value of financial instruments	C & F	(4.73)	(1.94)
(c) Amortisation of Processing fees on Term Loans	E	1.63	4.44
(d) Deferred Tax Liability reversed on prudence basis	G	14.47	16.82
(e) Reclassification of CCD as Equity	E	18.31	18.31
(f) Fair value of investment impact given in opening reserve	D	(0.40)	(77.34)
(g) Impairment of Intangible assets	B	(13.24)	(13.82)
(h) MMR Provisions	H	(12.92)	(8.92)
Equity reportable under Ind AS		**(244.92)**	**(41.11)**

46.3.d **Effects of Ind AS adoption on Cash Flow statement for the year ended 31st March, 2017**

Particulars	For the year ended 31 March 2017		
	I-GAAP	Ind AS Adjustment	Ind AS
Cash flow from / (used in) operations	(103.84)	-	(103.84)
Cash flow from / (used in) Investing Activities	36.30	-	36.30
Cash flow from / (used in) Financing Activities	66.43	-	66.43
Net Increase/(decrease) in cash and cash equivalents	(1.11)	-	(1.11)
Cash and cash equivalents at the beginning of the year	18.60	-	18.60
Cash and cash equivalents at the end of the year	17.49	-	17.49

Notes:

A Under previous GAAP, the Investment properties (Office Premises in Valecha Chambers) were carried at cost under the head Non current Investment. Under Ind AS, the Investment properties are classified in separate head investment properties (₹ 6.85 crore as at 31 March 2017, ₹ 6.98 crore as at 1 April 2016) and same is depreciated at the same rate applicable for class of asset under Property, Plant and Equipment. The effect of depreciation on the Investment Property is reflected in total equity and / or profit or loss, as applicable. This decreased the retained earnings by ₹ 1.18 Crore as at 31 March 2017 (1 April 2016 - ₹ 1.05 Crore). This has resulted in an increase in profit for the year ended 31 March 2017 by ₹ 0.13 Crore.

B Dercognition of Intangible assets which were previosuly capitalised under the previous GAAP. This has decreased retained earnings by ₹ 13.24 Crore as at 31 March 2017 (1 April 2016 - ₹ 13.82 Crore). This has resulted in decrease in profit for the year ended 31 March 2017 by ₹ 0.58 Crore.

C Under the previous GAAP, interest free security deposit placed with customers were recorded at their transaction value. On transition to Ind AS, these deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as adjustment to deposit value and recognised as income measured using the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable. This decreased the retained earnings by ₹ 4.64 Crore as at 31 March 2017 (1 April 2016 - ₹ 2.01 Crore). This has resulted in an increase in profit for the year ended 31 March 2017 by ₹ 0.28 crore.

D An investment in the previous GAAP was carried at cost and same was fair valued in the Ind AS on transition date. This decreased the retained earnings by ₹ 0.52 crore as at 31 March 2017 (1 April 2016 - ₹ 77.34 crores). This has resulted in decrease in profit for the year ended 31 March 2017 by ₹ 77.46 crore.

E i) Under Indian GAAP, transaction costs incurred in connection with borrowings are charged in statement of profit or loss in respective year. Under Ind AS, such costs are included in the initial recognition amount of financial liability are charged to statement of profit or loss using the effective interest method (i.e., over the tenure of the loan). This increased the retained earnings by ₹ 2.37 Crore as at 31 March 2017 (1 April 2016 - ₹ 4.44 Crore). This has resulted in an decrease in profit for the year ended 31 March 2017 by ₹ 2.08 crore.
ii) Under Indian GAAP CCD liability of ₹ 18.31 crore was classified as Borrowing. Under Ind AS same is reclassified to Equity. This increased the retained earnings by ₹ 18.31 crore as at 31 March 2017 (1 April 2016 - ₹ 18.31 Crore).

F Under the previous GAAP, interest free security deposit received from vendors were recorded at their transaction value. On transition to Ind AS, these deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as adjustment to deposit value and recognised as expense measured using the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable. This increased the retained earnings by ₹ 0.07 Crore as at 31 March 2017 (1 April 2016 decreased of ₹ 0.07 Crore). This has resulted in an increase in profit for the year ended 31 March 2017 by ₹ 0.01 crore.

G Reversal of deferred tax liability to the extent of deferred tax assets available on prudence basis in IndAS. This has resulted in increase in retained earnings by ₹ 14.47 crore as at 31 March 2017 (1 April 2016 - ₹ 16.82 Crore). This has resulted in an increase in profit for the year ended 31 March 2017 by ₹ 2.35 crore.

H Under Ind AS, the Group has created MMR provision which was not required to be created in the previous GAAP. This has resulted in increase in retained earnings by ₹ 12.92 crore as at 31 March 2017 (1 April 2016 - ₹ 8.92 Crore). This has resulted in an decrease in profit for the year ended 31 March 2017 by ₹ 2.73 crore.

I Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability, which is recognised in other comprehensive income in respective years.

J Retained earnings and non controlling interest as at April 01, 2016 adjusted consequent to the Ind AS transition adjustments referred in note A to I.

47 Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended March 31, 2018:

No.	Name of the Company	Net Assets		Share in Profit/ (Loss)		Share in OCI		Share in total comprenensive income	
		As % of consol	Amt.	As % of consol	Amt.	As % of consol	Amt.	As % of consol	Amt.
	Parent								
1	Valecha Engineering Limited	-6.2%	29.22	24.0%	(37.11)	117.8%	(2.68)	25.3%	(39.79)
	Subsidiaries								
2	Valecha Infrastructure Limited	25.0%	(117.94)	6.7%	(10.40)	-17.8%	0.40	6.4%	(10.00)
3	Valecha International (FZE)	-0.1%	0.27	0.0%	-	0.0%	-	0.0%	-
4	Professional Realtors Pvt. Ltd.	0.0%	(0.07)	0.0%	(0.08)	0.0%	-	0.0%	(0.08)
5	Valecha LM Toll Pvt. Ltd.	9.3%	(43.85)	15.1%	(23.43)	0.0%	-	14.9%	(23.43)
6	Valecha Badwani Sendhawa Tollways Limited	-0.3%	1.23	2.1%	(3.28)	0.0%	-	2.1%	(3.28)
7	Valecha Kachchh Toll Roads Limited	44.4%	(209.84)	97.4%	(150.88)	0.0%	-	96.0%	(150.88)
	Total	**72.2%**	**(340.99)**	**145.4%**	**(225.17)**	**100.0%**	**(2.28)**	**144.8%**	**(227.45)**
	CFS Adjustment and elimination	4.9%	(23.14)	0.0%		0.0%	-	0.0%	-
	Minority	22.9%	(108.25)	-45.4%	70.31			-44.7%	70.31
	Total	**100.0%**	**(472.38)**	**100.0%**	**(154.86)**	**100.0%**	**(2.28)**	**144.8%**	**(157.13)**

48 Due to non-availability of surplus profit and cash flow for last few years, the Holding company has not provided for interest amounting to ₹ 3.91 crore on late payment of Tax deducted at Source and penal interest for default in repayment of borrowings from Banks and Financial Institutions. The Holding company is approaching banks / Financial Institutions for Restructuring of Loans and hence, penal interest will be waived by banks / financial institutions and the same restructuring will help to payout TDS interest dues.

49 Due to non-availability of surplus profit and cash flow for last few years, the Holding Company has not repaid deposits (including unpaid interest upto March 2017 - ₹ 2.62 crore) amounting to ₹ 31.65 crore as at March 31, 2018 as per the contractual terms and repayment schedule / order passed by the Company Law Board – New Delhi Branch heard on February 22, 2016 (Order passed under section 74(2) of the Companies Act Ref.C.P.NO. 05(MB) 2016). Further, the Holding Company has also not provided penal interest and fine as levied under Rule 21 of (Acceptance of Public Deposit) Rules, 2014.

50 The Holding Company has not evaluated whether any impairment provision is required for expected credit losses (ECL) in accordance with Ind AS 109 - 'Financial Instruments' for Trade Receivables aggregating to ₹ 243.86 crore which includes ₹ 160.30 crore pertaining to additional claims raised during previous years due to price escalation and various other reasons which are under arbitration before various authorities. Also, the Holding 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 ₹ 0.94 crore as at March 31, 2018. 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. This has been validated by legal consultant. Hence, the Board has decided not to account for Impairment provision.

51 The Holding Company has not provided the books of accounts, supporting documents and records of two project sites to Statutory Auditors which includes total revenue of ₹ 30.63 Crore, Net Loss of ₹ 18.59 Crore and Net Assets of ₹ 23.01 Crore. The Holding Company is facing lock-out and local unrest at these sites and hence document could not be provided. However, as soon as the situation is normalised, the same will be provided to the auditor. However, Management do not foresee any material impacts on the financial statements, if the supporting documents and records of this project sites were available for audit.

52 The Holding Company has not provided the books of accounts for 17 Project sites which includeds total assets and total Liabilities of ₹ 120.46 Crore and ₹ 79.25 Crore respectively included in the financial statement of the Holding Company. The Holding Company does not have any information and relevant documents for transactions during the year for these units as these projects are closed due to heavy losses. However, Management do not foresee any material impacts on the financial statements.

53 During the year the Holding Company has paid / provided managerial remuneration of ₹ 1.98 crore. The Holding Company has applied to Central Government vide form No. MR-2 dated 08/12/2017 & 28/03/2018 for approval of Managerial Remuneration paid during the year. The approval for Managerial Remuneration is still awaited.

54 The Holding Company has invested ₹ 26.95 crores in three of its Associate Companies. As the Holding Company does not have control on the said associates and the accounts were not made available to the Management, these associates have not been considered in the consolidated Ind AS financial statements. The Holding company had formed seven joint ventures (JV) with various parties, out of these, six JV projects have been closed, there is no material transaction in the remaining JV project. Hence, the company has not considered financial statement of JVs for consolidation.

55 The Holding Company had provided for expenses amounting to ₹ 18.97 crores in financial year 2016-17. However, during current financial year, the management is of view that said amount is no longer payable. Therefore, the said provision has been reversed in current financial year.

56 The Holding Company has receivable of ₹ 43.40 crores from various government authorities like VAT, works contract tax department, etc. With implementation of GST Act and merging of all such dues under GST, management is hopeful that the Government authorities will complete the assessment of years prior to GST at earliest and the said receivable will be rececived either by way of refund or will be allowed to consider it as credit and adjust against the future liability.

57 The accumalated losses for the year ended 31st March 2018 have resulted in substantial erosion of Group's peak Net worth . However, the management is of the opinion that subject to approval of Restructing plan by banks, cost reduction measures and participating in new business finance/ JV business,the company will be able to earn profitability over next few years and may be in position to repay loans and pay statutory dues. Hence, financial statement of company are prepared assuming that it will continue as going concern.

58 Trade payable, Trade receiveable and Loan and Advances are subject to confirmation and reconciliation, if any.

59 The previous year I-GAAP figures have been reclassified/regrouped to make them comparable with Ind AS presentation.

In term of our Report attached

For Kanu Doshi Associates LLP
Chartered Accountants
FRN : 104746W/W100096

Jayesh Parmar
Partner
Membership No. 45375

Place : Mumbai.
Date : July 19, 2018

For and on behalf of the Board

Vijay Kumar H. Modi
Company Secretary & Legal

Jagdish K.Valecha
Vice-Chairman-cum Managing Director
DIN : 00013070

Anil S. Korpe
Chief Financial Officer

Dinesh H. Valecha
Director
DIN : 00012945

VALECHA ENGINEERING LIMITED

CIN: L74210MH1977PLC019535
Reg. Office: Valecha Chambers, 4th Floor, Plot No. B-6, Andheri New Link Road, Andheri (West), Mumbai 400 053
Tel: 022 4263 3200 **E-mail:** investor.relations@valecha.in **Website:** www.valechaeng.com

ATTENDANCE SLIP
41st Annual General Meeting

I hereby record my/our presence at the 41st Annual General Meeting of the Company being held on Saturday, 29th September, 2018 at 03:00 p.m. at Babasaheb Dahanukar Sabhagriha, Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai - 400 0001, India.

Folio/DP ID & Client ID			
Name and Address of the Member		Signature	
Name of the Proxy Holder		Signature	

cut here

1. Only Member/Proxy Holder can attend the Meeting
2. Member/Proxy Holder should bring his/her copy of the Annual Report for reference at the Meeting

PROXY FORM / FORM MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Members	
Registered Address	
Email ID:	
Folio No/ DP ID-Client ID	

I/We, being the member (s) of …………………………………….. shares of the above named company, hereby appoint:

(1) Name: ………………………………………………………………………… Address: ………………………………………………………………………………

Email ID: ………………………………………………………………………… Signature: ………………………………………………………… or failing him

(2) Name: ………………………………………………………………………… Address: ………………………………………………………………………………

Email ID: ………………………………………………………………………… Signature: …………………………………………………………or failing him

(3) Name: ………………………………………………………………………… Address: ………………………………………………………………………………

Email ID: ………………………………………………………………………… Signature: …………………………………………………………or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General Meeting of the Company, to be held on Saturday, 29th September, 2018 at 03:00 p.m. Babasaheb Dahanukar Sabhagriha, Oricon House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai - 400 001, India and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my above Proxy to vote in the manner as indicated in the box below:

Sr. No.	Particulars	For	Against
1	Consider and Adopt:		
	a. Audited Financial Statements as on 31.03.2018, Reports of the Board of Directors and Auditors thereon.		
	b. Audited Consolidated Financial Statements as on 31.03.2018 and Report of the Auditors thereon.		
2	To appoint a Director in place of Mrs. Sonal Jitiya (DIN: 00668047) who retires by rotation and being eligible, offers herself for reappointment		
3	To consider the waiver of recovery of remuneration paid/provided to Mr. Jagdish Valecha		
4	To consider the waiver of recovery of remuneration paid to Mr. Dinesh Valecha		
5	To consider the waiver of recovery of remuneration paid to Mr. Tarun Dutta		
6	To consider the ratification of payment of remuneration to the cost auditor		

Signed this .... day of 2018

Signature of Shareholder: ....

Signature of Proxy holder(s): ....

Affix Revenue Stamp

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statement and notes please refer to the notice of the 41st Annual General Meeting.
3. A Proxy need not be a member of the Company.
4. A person can act as a proxy on behalf of the members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights.
5. A member holding more than 10% of the total share capital carrying voting rights may appoint a single person as Proxy and such person shall not act as proxy for any other member.
6. In case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion to the vote of the other joint holders. Seniority shall be determined by the order in which the name stand in the register of members.

VALECHA ENGINEERING LIMITED

CIN: L74210MH1977PLC019535
Reg. Office: Valecha Chambers, 4th Floor, Plot No. B-6, Andheri New Link Road, Andheri (West), Mumbai 400 053
Tel: 022 4263 3200 **E-mail:** investor.relations@valecha.in **Website:** www.valechaeng.com

BALLOT PAPER

[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

1. Name and Registered address of the sole/first named member:
2. Name(s) of the Joint holder (if any):
3. Registered Folio No./ DP ID No. and client ID No.:
4. Number of share(s) held:
5. EVEN (Electronic Voting Event Number) :
6. User ID:
7. Password:

I hereby exercise my/our vote(s) in respect of the Resolutions set out in the Notice of the 41st Annual General Meeting of the Company to be held on Saturday, 29th September, 2018, by sending my/our assent or dissent to the said resolution in the following manner:

Sr. No.	Particulars	For	Against
1	Consider and Adopt: a. Audited Financial Statements as on 31.03.2018, Reports of the Board of Directors and Auditors thereon. b. Audited Consolidated Financial Statements as on 31.03.2018 and Report of the Auditors thereon.		
2	To appoint a Director in place of Mrs. Sonal Jitiya (DIN: 00668047) who retires by rotation and being eligible, offers herself for reappointment		
3	To consider the waiver of recovery of remuneration paid/provided to Mr. Jagdish Valecha		
4	To consider the waiver of recovery of remuneration paid to Mr. Dinesh Valecha		
5	To consider the waiver of recovery of remuneration paid to Mr. Tarun Dutta		
6	To consider the ratification of payment of remuneration to the cost auditor		

* Please put a tick mark (✓) in appropriate column against the resolution indicated above. In case of member/ proxy wishes his/ her vote to be used differently, he/she should indicate the number of shares under the columns ‘For’, ‘Against’

Place:

Date: Signature of Member

VALECHA ENGINEERING LIMITED

CIN: L74210MH1977PLC019535

Reg. Office: Valecha Chambers, 4th Floor, Plot No. B-6,

Andheri New Link Road, Andheri (West), Mumbai 400 053

Tel: 022 4263 3200 **E-mail:** investor.relations@valecha.in **Website:** www.valechaeng.com

GENERAL INSTRUCTIONS:

1. This Ballot Paper is provided for the benefit of members who do not have access to e-voting facility, to enable them to send their assent or dissent by post.
2. A Member can opt for only one mode of voting i.e. either by e-voting or through Ballot. In case of Member(s) who cast their votes by both modes, then voting done through e-voting shall prevail and the Ballot Paper shall be treated as invalid.
3. For detailed instructions on e-voting, please refer the notes appended to the Notice of AGM.
4. Facility of voting through Ballot Paper shall also be made available at the venue of the AGM. Members attending the AGM, who have not cast their vote by remote e-voting or through Ballot Paper, shall be able to exercise their right at the AGM.
5. Members who have cast their vote by remote e-voting or through Ballot Paper prior to the AGM may also attend the AGM, but shall not be entitled to vote again at the AGM.

PROCESS AND MANNER FOR MEMBERS OPTING TO VOTE BY USING BALLOT PAPER:

6. Please complete and sign the Ballot Paper (no other Paper or photo copy thereof is permitted) and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, M/s. Ragini Chokshi & Co., Practising Company Secretaries through self-addressed Business Reply envelope.
7. The Ballot Paper should be signed by the Member as per the specimen signature registered with the Company/ Depositories. In case of joint holding, the Ballot Paper should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of POA. Exercise of vote by Ballot is not permitted through proxy.
8. In case the shares are held by companies, financial institutions, trusts, bodies corporate, societies, etc; the duly completed Ballot Paper should be accompanied by a certified true copy of the relevant Board Resolution/Authorization letter.
9. Votes should be cast in case of each resolution, either in favour or against by putting the tick (v) mark in the column provided in the Ballot. Members may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/ AGAINST” taken together should not exceed the Member’s total shareholding. If the shareholder does not indicate either “FOR” or “AGAINST” in case of any resolution, it will be treated as “ABSTAIN” for that resolution and the shares held will not be counted under either head.
10. The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on 22nd September, 2018 (“Cut-Off Date”). 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 only shall be entitled to avail the facility of remote e-voting, voting through Ballot Paper, or voting at the venue of the meeting through ballot.
11. Any person, who acquires shares of the Company and becomes a shareholder of the Company after dispatch of the Notice of AGM and holds shares as of the Cut Off date i.e. 22nd September, 2018, may request the Company / Registrar and Transfer Agent and obtain Ballot Paper to cast the vote or can download the same from the website of the Company at www.valechaeng.com
12. Duly completed Ballot Paper should reach the Scrutinizer not later than the close of working hours (5.00 p.m.) on Friday, 28th September, 2018. Ballot Paper(s) received after this time and date will be strictly treated as if the reply from the members has not been received.
13. A Member may request for a duplicate Ballot Paper, if so required. However, duly filed in and signed duplicate Ballot Paper should reach the Scrutinizer not later than the date and time specified in serial no. 12 above.
14. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Paper(s) will be rejected. Ballot Paper may be rejected if it is torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identity either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.
15. The decision of Scrutinizer on the validity of the Ballot Paper and any other related matter shall be final.
16. The results of the voting shall be declared not later than 48 hours from the conclusion of the Annual General Meeting of the Company. The Chairman or any other person authorized by the Chairman shall declare the result of voting forthwith.

The Results along with the Scrutinizers Report shall be placed on the Company’s’ website www.valechaeng.com and on the website of NSDL immediately after the results are declared by the Chairman or any other person authorized by the Chairman, and the same shall be communicated to BSE Limited and National Stock Exchange Limited

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.

www.westernpress.in