



VALECHA ENGINEERING LIMITED
(AN ISO 9001 - 2015 COMPANY)

VALECHA
REDEFINING INFRASTRUCTURE

01ST March, 2021

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Exchange Plaza,
Bandra Kurla Complex,
Bandra (East) , Mumbai - 400051
VALECHAENG

Dear Sir/Madam,

This refers to your email dated **27th October, 2020** in connection with the Clarification for Quick Results of the Company submitted to the Exchange dated 21.08.2020.

Please note that ANNEXURE I Statement of Impact of Audit Qualifications (for audit report with modified opinion) for Audited Financial Results for the year ended **31.03.2020**

We once again enclosing herewith the ANNEXURE I Separately standalone page 1 to 4 & Consolidated page 5 to 8 for your records and reference.

We trust this will meet with your requirements

Thanking you,

Yours faithfully,

FOR VALECHA ENGINEERING LIMITED


(VIJAYKUMAR MODI)
COMPANY SECRETARY & LEGAL
Encl: As above



ANNEXURE I
Statement on Impact of Audit Qualifications
(For audit report with modified opinion) submitted along-with
Annual Audited Financial Results (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2020				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs in Crores	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income	213.59	Not ascertainable
	2	Total Expenditure	211.94	
	3	Net Profit/(loss) before OCI	1.65	
	4	Earnings Per Share- Basic	0.74	
	5	Total Assets	892.02	
	6	Total Liabilities	857.02	
	7	Net Worth	35.00	
	8	Any Other Financial Item		
II. Audit Qualification (each audit qualification separately) :				
1	a.	Details of Audit Qualification :		
		a) The Company has not evaluated impairment provisions for expected credit losses (ECL) as required under Ind AS 109 "Financial Instruments" in relation to following Investments made, loans and advances given and Corporate Guarantees extended to its Subsidiary, Step Down Subsidiary and Associate Companies whose net worth is completely eroded on account of continued losses incurred in the past: - Loans & advances aggregating to Rs. 212.22 crores given to its three subsidiary companies and two step-down subsidiary company; - Investments aggregating to Rs. 2.16 crores in its three subsidiary companies and Rs. 0.07 crores in two associate companies; - Corporate Guarantees aggregating to Rs. 381.35 crores to Banks on behalf of one subsidiary company and two step-down subsidiary companies. Had such provision towards impairment of Investments, loans and advances and Corporate Guarantees made by the Company, the retained earnings would have been reduced by Rs.595.80 crores as at March 31, 2020.		
	b.	Type of Audit Qualification :	Qualified Opinion	
	c.	Frequency of qualification :	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :		
	(i)	The Company has issued financial guarantee to various Financial Institutions on behalf of its subsidiaries and step down subsidiaries based on terms of sanctioned letter issued by Financial Institutions and in view of the primary security already provided by the Subsidiaries and step down subsidiary companies and the Settlement proposals being pursued by the Management, the Company has not provided for any Impairment on Corporate Guarantee, Loans & Advances and Investment in Subsidiaries. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.		
2	a.	Details of Audit Qualification :		
		b) The Company has also not done any fair valuation of its Corporate guarantees referred to in pt. (a) above nor has recognized guarantee fees/commission during the period in relation to such Corporate guarantees issued without consideration as per the requirements of Ind AS 109 & Ind AS 113. In the absence of any further detailed information, we are unable to comment upon the resultant impact, if any, on the net results for the year ended 31st March, 2020, which may arise on account of fair valuation adjustment of referred Corporate guarantees.		
	b.	Type of Audit Qualification :	Qualified Opinion	
	c.	Frequency of qualification :	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :		
		The Company has issued financial guarantee to various Financial Institutions on behalf of two subsidiaries and two step down subsidiaries based on terms of sanctioned letter issued by Financial Institutions. The Company has charged commission for providing corporate guarantee to the subsidiaries and same is recognised during the first two financial year but considering the weak financial position of the subsidiaries and step down subsidiary, the Company has decided not to charge further commission against the Corporate Guarantee.		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor : NA		
3	a.	Details of Audit Qualification :		



	c) The Company has neither evaluated any impairment provisions for expected credit losses (ECL) as required under Ind AS 109 "Financial Instruments" nor made any fair valuation as per the requirements of Ind AS 113 "Fair Value Measurements" in respect of its Investment made of Rs. 39.84 crores, loan given of Rs. 73.46 crores, and Corporate Guarantees extended of Rs. 670.84 crores as at March 31, 2020 in respect of its one subsidiary (other than subsidiary referred in point a above). The net-worth of the subsidiary is completely eroded and it continues to incur losses. The Subsidiary Company has filed a claim on its customer for Rs. 1373.70 crores and is expected to repay/settle all dues. However, in view of the uncertainty involved over settlement of the claim amount and consequent repayment of all its dues, we are unable to comment upon the need for impairment provisions and the impact of fair valuation adjustments, if any, which may be required and the resultant impact on the net results for the year, if any.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :
	The Company has issued financial guarantee to various Financial Institutions on behalf of one subsidiary based on the terms of sanctioned letter issued by Financial Institutions and in view of the primary security already provided by the Subsidiaries companies and the subsidiary Company is in the process to get huge amount of claim from the client for delaying the project work due to various reason and expecting to get the same positively, hence company has not provided for any Impairment of Corporate Guarantee, Loans & Advances and Investment in Subsidiaries. Based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor : NA
4	a. Details of Audit Qualification :
	d) We draw attention to Note No. 8 to the Statement, the Company has not evaluated expected credit losses for long outstanding Trade Receivables of Rs. 222.21 crores which includes Rs. 100.32 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities.
	The Company has also not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans given to related parties amounting to Rs. 6.57 crores and to other than related parties amounting to Rs. 139.10 crores as at March 31, 2020.
	In absence of any detailed information regarding the recoverability of such loans, third party confirmation/reconciliations for such trade receivables and loans & advances, we are unable to comment upon the recoverability and corresponding impact of impairment on the net results for the year ended 31st March, 2020.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Trade receivable - The Trade Receivables includes various claims lodged against various clients. The Company is hopeful to recover the same in the time to come and management believe that they have strong case for each of the claims lodged against various clients. Hence, the Board has decided not to account for any Impairment provision for the same.
	Loans extended to various related parties & other parties- The Company expects to recover the same in the time to come and hence has not made any provision for the same.
5	a. Details of Audit Qualification :
	e) We draw attention to Note No. 5 to the Statement, wherein the Company has not provided for regular interest payable to banks estimated at Rs. 22.70 Crores & Rs. 87.07 Crores for the quarter and year ended 31st March, 2020 respectively as it expects certain relief in view of the proposed One Time Settlement plan being pursued by the Management. The Company has also not provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons.
	The Company has also not provided Interest on its outstanding payments to its Vendors registered under MSME.
	The Company has also not provided for interest of Rs. 2.61 crores which may arise towards delayed payment of dues towards tax deducted at source as on 31st March 2020.
	Had such provision towards estimated regular interest payable to banks for the quarter and year ended 31st March, 2020 and interest on delayed payment of dues towards Tax deducted at Source as on 31st March, 2020 been made in the financial results for the year ended 31st March, 2020 the Company's net loss after comprehensive income for the quarter and year ended 31st March, 2020 would have been Rs. 23.18 crores & Rs. 86.31 crores respectively. In absence of detailed computation of penal interest for default in repayment of Borrowings, interest for default in payment of TDS and interest for delayed payments to vendors registered under MSME we are unable to comment on its resultant impact on the net results for the quarter and year ended 31st March, 2020.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :



	(i) The company is approaching banks / Financial Institutions for OTS / Restructuring of their NPA loans and management is hopeful of settling the outstanding loan and getting some reliefs, therefore has not provided for any penal interest on Banks / Financial Institution. Further due to the non-availability of surplus profit and cash flow for last couple of years, the company has not provided for interest on statutory liability and MSME Creditors.
6	a. Details of Audit Qualification : We draw attention to Note No. 7 to the Statement, the Company has not repaid fixed deposits from deposit holders (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.73 crores outstanding as at March 31, 2020 as per the contractual terms. Pursuant to the NCLT order dated 03.04.2019, 11.06.2019, 22.08.2019, 14.11.2019 and 26.05.2020 and in terms of NCLAT order dated 12.02.2020 the matter has been subjudiced. As per these orders, the proceeds from Canara Bank and refunds from Income Tax department will be exclusively utilized for repayment of deposits to deposit holders. The Company has also not provided for regular interest on such deposits for the F.Y. 2017-18, F.Y.2018-19 and for year ended 31st March, 2020 as per the terms of issue and acceptance of deposits. Further, the Company has also not provided penal interest and fine as may be applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014. Non provision of such interest is not in compliance with Ind AS 23 "Borrowing Cost". In absence of detailed information and computation of such regular interest, penal interest and fine, if any, we are unable to comment upon its resultant impact on the net results for the quarter and year ended 31st March, 2020 b. Type of Audit Qualification : Qualified Opinion c. Frequency of qualification : Repetitive d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA e. For Audit Qualification(s) where the impact is not quantified by the auditor : (i) NCLT Mumbai, vide order dated 03.04.2019, 11.06.2019, 22.08.2019, 14.11.2019 and 26.05.2020 has directed and advised the Company to release the fund to concerned Fixed Deposit Holders on receipt of fund from Canara Bank and on receipt of the refund from Income Tax Department. Accordingly, the matter stands subjudiced pending the receipt of the fund from Canara Bank and on receipt of the refund from Income Tax Department. Due to non-availability of surplus profit and cash flow for couple of years, the company has not provided for regular as well as for the penal interest on public deposit.
7	a. Details of Audit Qualification : g) We draw attention to Note No. 12 to the Statement where the Company has previously assigned its loan amounting to Rs. 23.29 crores to its various creditors. However, the loanee company is unable to repay such creditors and hence the Company has reversed the assignment of creditors with its loan receivable and accordingly reinstated such creditors and loan receivable in its books of accounts. We have however not been provided with confirmations / appropriate documentation to verify such assignment of loan / offsetting and its consequent reversal and accordingly are unable to comment upon the resultant impact, if any on the assets and liabilities as at March 31, 2020. b. Type of Audit Qualification : Qualified Opinion c. Frequency of qualification : Once d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA e. For Audit Qualification(s) where the impact is not quantified by the auditor : (i) In view of the companies current financial position, and based on the tripartite agreement entered into amongst the Company, Borrower Company and the Creditors such offsetting has been done but due to non availability sufficient cash flow in the same company management decided to reverse the same arrangement. The Company shall arrange to provide necessary documents pertaining to the same to the auditors at the earliest.
8	a. Details of Audit Qualification : h) We draw attention to Note No. 9 to the Statement, where the Company has stated that Other Current Assets as at March 31, 2020 includes Rs 33.73 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. However, in view of unavailability of updated information on status of such assessments, we are unable to comment upon the resultant impact, if any on net results for the quarter and year ended, assets and liabilities as at year end of the Company. b. Type of Audit Qualification : Qualified Opinion c. Frequency of qualification : Repetitive d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA e. For Audit Qualification(s) where the impact is not quantified by the auditor : (i) Company is in the process to complete the all the Assessments pending in VAT Act laws and the same will be positively close in recent time, also hoping good amount refund in this assessment proceedings.
9	a. Details of Audit Qualification :



	i) We draw attention to Note No. 10 to the Statement, where the Company in relation to its sixteen project sites, which have either been de-mobilized or completed or otherwise shut or non-operational, could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the year. Movement in accounts of such project sites, if any, is on account of balances being written off/written back and payments / receipts being made by the Head Office division in relation to assets / liabilities of such project sites. Such Project Sites comprises total assets of Rs. 92.04 crores [including Trade Receivables Rs. 78.65 crores and loans to other parties Rs. 4.30 crores referred in point (d) above, balances with revenue authorities of Rs. 7.32 crores referred in point (h) above] and total liabilities of Rs. 42.20 crores as at the year end. In view of unavailability of information, we are unable to comment upon the resultant impact, if any on net results for the quarter and year ended, assets and liabilities as at year end of the Company, had the said units been audited by us.
	b. Type of Audit Qualification : Qualified Opinion c. Frequency of qualification : Repetitive d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Closure of mentioned sites due to heavy losses, the projects were facing lock-out and local unrest at above mentioned sites. Hence document could not be obtained and provided. However, Management do not foresee any material impacts on the financial statements.
10	a. Details of Audit Qualification : j) The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the net results for the quarter and year ended, accumulated losses, assets and liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable. b. Type of Audit Qualification : Qualified Opinion c. Frequency of qualification : Repetitive d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Company were trying to get balance confirmations from most of the financial institution as well as creditors but due to default/delay in payments it was difficult to get the same, but based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.
11	a. Details of Audit Qualification : k) There are various Legal Cases filed by / against the Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the net results for the quarter and year ended, accumulated net results, liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable. b. Type of Audit Qualification : Qualified Opinion c. Frequency of qualification : Repetitive d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Legal cases filed by/ against the company - Since the cases are ongoing and based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.

For Bagaria & Co. LLP
Chartered Accountants
FRN : 113447W/ W-100019

Vinay Somani
Partner
Membership No. 143503
Place : Mumbai.

Date : 26th October, 2020



For and on behalf of the board of directors of Valecha Engineering Limited

Lalna B. Takekar
Director
DIN : 08111805

Anil S. Korpe
Chief Financial Officer

Tarun Dutta
Chief Executive Officer

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



For Valecha Engineering Limited
(Tejas Deshpande)
Non Executive & Independent Director
Audit Committee Chairman

ANNEXURE I
Statement on Impact of Audit Qualifications
(For audit report with modified opinion) submitted along-with
Annual Audited Financial Results (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2020				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs in Crores	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income	246.31	Not ascertainable
	2	Total Expenditure	402.81	
	3	Net Profit/(loss) before OCI	-156.50	
	4	Earnings Per Share- Basic	-69.46	
	5	Total Assets	1,178.55	
	6	Total Liabilities	1,954.73	
	7	Net Worth	-776.18	
	8	Any Other Financial Item		
II. Audit Qualification (each audit qualification separately) :				
1	a.	Details of Audit Qualification :		
		a) We draw attention to Note No. 13 to the consolidated financial statements, Valecha LM Toll Private Limited (VLMTPL), a step down subsidiary of the Holding Company and subsidiary of Valecha Infrastructure Limited (VIL) has been admitted to National Company Law Tribunal (NCLT) on 29.03.2019 in view of the insolvency petition filed by Axis Bank Limited under section 7 of the Insolvency and Bankruptcy Code, 2016 and consequently Interim Resolution Professional ('IRP') was appointed by the NCLT. IRP was appointed as Resolution Professional by COC and company is under IP process. In view of the pendency / ongoing resolution proceedings with the NCLT Mumbai, any resultant impact on the consolidated financial statements of the group or the carrying value of assets and liabilities which may arise, if any, is presently not ascertainable. Further, the Holding Company has also invested Rs. 0.07 crores in its two Associate Companies, financial statements of which are not consolidated by the management. Further, in the absence of detailed information and financial statements, we are unable to comment upon the need for impairment provisions, which may be required and the resultant impact on the net results for the quarter and year ended 31st March, 2020, if any.		
	b.	Type of Audit Qualification :	Qualified Opinion	
	c.	Frequency of qualification :	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :		
	(i)	In view of the pendency / ongoing resolution proceedings with the NCLT Mumbai, any resultant impact on the consolidated financial statements of the group or the carrying value of assets and liabilities which may arise, if any, is presently not ascertainable.		
2	a.	Details of Audit Qualification :		
		b) We draw attention to Note No. 8 to the Statement, the Holding Company has not evaluated expected credit losses for long outstanding Trade Receivables of Rs. 222.21 crores which includes Rs. 100.32 crores pertaining to additional claims raised during earlier years due to price escalation and various other reasons which are under arbitration before various authorities. The Holding Company has also not evaluated impairment provisions for expected credit losses as required under Ind AS 109 "Financial Instruments" for loans given to related parties amounting to Rs. 6.57 crores and to other than related parties amounting to Rs. 139.10 crores as at March 31, 2020. In absence of any detailed information regarding the recoverability of such loans, third party confirmation/reconciliations for such trade receivables and loans & advances, we are unable to comment upon the recoverability and corresponding impact of impairment on the net results for the year ended 31st March, 2020.		
	b.	Type of Audit Qualification :	Qualified Opinion	
	c.	Frequency of qualification :	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor :		
	(i)	Trade receivable - The Trade Receivables includes various claims lodged against various clients. The Holding Company is hopeful to recover the same in the time to come and management believe that they have strong case for each of the claims lodged against various clients. Hence, the Board of Holding Company has decided not to account for any Impairment provision for the same. Loans extended to various related parties & other parties- The Holding Company expects to recover the same in the time to come and hence has not made any provision for the same.		
3	a.	Details of Audit Qualification :		



5

	c) We draw attention to Note No. 5 to the Statement, wherein the Holding Company has not provided for regular interest payable to banks estimated at Rs. 22.70 Crores & Rs. 87.07 Crores for the quarter and year ended 31st March, 2020 respectively as it expects certain relief in view of the proposed One Time Settlement plan being pursued by the Management. The Holding Company has also not provided for any penal interest, if any, which may arise for defaults in repayments of various borrowings for similar reasons. The Holding Company has also not provided Interest on its outstanding payments to its Vendors registered under MSME. The Holding Company has also not provided for interest of Rs. 2.61 crores which may arise towards delayed payment of dues towards tax deducted at source as on 31st March 2020. Had such provision towards estimated regular interest payable to banks for the quarter and year ended 31st March, 2020 and interest on delayed payment of dues towards Tax deducted at Source as on 31st March, 2020 been made in the financial results for the year ended 31st March, 2020 the Company's net loss after comprehensive income for the quarter and year ended 31st March, 2020 would have been Rs. 23.18 crores & Rs. 86.31 crores respectively. In absence of detailed computation of penal interest for default in repayment of Borrowings, interest for default in payment of TDS and interest for delayed payments to vendors registered under MSME we are unable to comment on its resultant impact on the consolidated financial statement.
	b. Type of Audit Qualification : Qualified Opinion c. Frequency of qualification : Repetitive d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) The Holding company is approaching banks / Financial Institutions for OTS / Restructuring of their NPA loans and management is hopeful of settling the outstanding loan and getting some reliefs, therefore has not provided for any penal interest on Banks / Financial Institution. Further due to the non-availability of surplus profit and cash flow for last couple of years, the company has not provided for interest on statutory liability and MSME Creditors.
4	a. Details of Audit Qualification : d) We draw attention to Note No. 7 to the Statement, the Holding Company has not repaid fixed deposits from deposit holders (including unpaid interest provided upto March 2017 of Rs. 2.58 crores) amounting to Rs. 30.73 crores outstanding as at March 31, 2020 as per the contractual terms. Pursuant to the NCLT order dated 03.04.2019, 11.06.2019, 22.08.2019, 14.11.2019 and 26.05.2020 and in terms of NCLAT order dated 12.02.2020 the matter has been subjudiced. As per these orders, the proceeds from Canara Bank and refunds from Income Tax department will be exclusively utilized for repayment of deposits to deposit holders. The Company has also not provided for regular interest on such deposits for the F.Y. 2017-18, F.Y.2018-19 and for year ended 31st March, 2020 as per the terms of issue and acceptance of deposits. Further, the Company has also not provided penal interest and fine as may be applicable under rule 21 of (Acceptance of Public Deposit) Rules, 2014. Non provision of such interest is not in compliance with Ind AS 23 "Borrowing Cost". In absence of detailed information and computation of such regular interest, penal interest and fine, if any, we are unable to comment upon its resultant impact on the net results for the year ended 31st March, 2020.
	b. Type of Audit Qualification : Qualified Opinion c. Frequency of qualification : Repetitive d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) NCLT Mumbai, vide order dated 03.04.2019, 11.06.2019, 22.08.2019, 14.11.2019 and 26.05.2020 has directed and advised the Company to release the fund to concerned Fixed Deposit Holders on receipt of fund from Canara Bank and on receipt of the refund from Income Tax Department. Accordingly, the matter stands subjudiced pending the receipt of the fund from Canara Bank and on receipt of the refund from Income Tax Department. Due to non-availability of surplus profit and cash flow for couple of years, the Holding company has not provided for regular as well as for the penal interest on public deposit.
5	a. Details of Audit Qualification : e) We draw attention to Note No. 12 to the Statement where the Holding Company has previously assigned its loan amounting to Rs. 23.29 crores to its various creditors. However, the loanee company is unable to repay such creditors and hence the Company has reversed the assignment of creditors with its loan receivable and accordingly reinstated such creditors and loan receivable in its books of accounts. We have however not been provided with confirmations / appropriate documentation to verify such assignment of loan / offsetting and its consequent reversal and accordingly are unable to comment upon the resultant impact, if any on the assets and liabilities as at March 31, 2020.
	b. Type of Audit Qualification : Qualified Opinion c. Frequency of qualification : Once d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) In view of the Holding companies current financial position, and based on the tripartite agreement entered into amongst the Company, Borrower Company and the Creditors such offsetting has been done but due to non availability sufficient cash flow in the same company management decided to reverse the same arrangement. The Holding Company shall arrange to provide necessary documents pertaining to the same to the auditors at the earliest.
6	a. Details of Audit Qualification :



	f) We draw attention to Note No. 9 to the Statement, where the Holding Company has stated that Other Current Assets as at March 31, 2020 includes Rs 33.73 crores receivable towards various indirect taxes from Government Authorities which are pending for assessments. However, in view of unavailability of updated information on status of such assessments, we are unable to comment upon the resultant impact, if any on net results for the quarter and year ended, assets and liabilities as at year end of the Company.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Holding Company is in the process to complete the all the Assessments pending in VAT Act laws and the same will be positively close in recent time, also hoping good amount refund in this assessment proceedings.
7	a. Details of Audit Qualification :
	g) We draw attention to Note No. 10 to the Statement, where the Holding Company in relation to its sixteen project sites, which have either been de-mobilized or completed or otherwise shut or non-operational, could not obtain details of transactions effecting, if any, through Bank accounts previously operated through such project sites. There have been no operations in such project sites during the year. Movement in accounts of such project sites, if any, is on account of balances being written off/written back and payments / receipts being made by the Head Office division in relation to assets / liabilities of such project sites.
	Such Project Sites comprises total assets of Rs. 92.04 crores [including Trade Receivables Rs. 78.65 crores and loans to other parties Rs. 4.30 crores referred in point (d) above, balances with revenue authorities of Rs. 7.32 crores referred in point (h) above] and total liabilities of Rs. 42.20 crores as at the year end. In view of unavailability of information, we are unable to comment upon the resultant impact, if any on net results for the quarter and year ended, assets and liabilities as at year end of the Company, had the said units been audited by us.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Closure of mentioned sites due to heavy losses, the projects were facing lock-out and local unrest at above mentioned sites. Hence document could not be obtained and provided. However, Management do not foresee any material impacts on the financial statements.
8	a. Details of Audit Qualification :
	h) The accounts of certain Banks, Loans & Advances given, Trade Receivables, Other Current Assets, Lenders' liability, Trade Payables and Other liabilities are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the net results for the quarter and year ended, accumulated losses, assets and liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Holding Company were trying to get balance confirmations from most of the financial institution as well as creditors but due to default/delay in payments it was difficult to get the same, but based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Company.
9	a. Details of Audit Qualification :
	i) There are various Legal Cases filed by / against the Holding Company, since the cases are ongoing, we are unable to comment on any consequential impact in respect of the same on the net results for the quarter and year ended, accumulated net results, liabilities as at the quarter and year end, the amounts whereof are presently not ascertainable.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Legal cases filed by/ against the Holding company - Since the cases are ongoing and based on the discussion with respective managements, we do not foresee any material impacts on the financial statement of the Holding Company.
10	a. Details of Audit Qualification :
	j) We draw attention to Note No 15(a) to the statement, Valecha Reality Limited (VRL), (an Associate Company) has given a loan amounting to Rs.6.51 crores to M/s SVK Arcade LLP which is long outstanding in the Books of Accounts. VRL is not recognizing and receiving any interest on such loans neither has it made any provision for the loan amount outstanding. Further, the Company VRL has received loans from Valecha Engineering Limited and Valecha Infrastructure Limited to the tune of Rs 0.28 crores and Rs 6.52 crores respectively. VEL has not recovered any interest in view of already weak financial position of VRL. Similarly, VRL has also not recovered any interest amount from VIL in view of already weak financial position of VIL.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive



	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) There is no reasonable certainty of the recovery of the Interest on Loan , Hence the same is not provided for during the year.
11	a. Details of Audit Qualification :
	k) We draw attention to Note no 15(b) to the statement in respect of Valecha Kachchh Toll Roads Limited (VKTRL) (a Subsidiary Company) wherein the other auditors had stated in their audit report that - the Company (VKTRL) continues to prepare its Financial Statements on going concern basis even though it has continued to incur significant losses for the quarter ended 31st March, 2020 and in previous financial years. It has also continued to default in repayment of its financial obligation including interest and the construction of balance work is going at very slow pace, resulting in increase in cost of project mainly due to interest during construction period. However, as advised, the project had been halted due to non-availability of land and environment issues and on 13.05.2015, VKTRL has received PCOD (provisional commercial operation date) of for section 1 for which revenue is being generated. PCOD for Section 2 is likely to be completed by December 2020. VKTRL has also put a claim of Rs. 1373.70 Crores on GSRDC during the previous year and is hopeful of getting the claim in its favour after PCOD for Section 2 is complete. - the Lenders of VKTRL had appointed a forensic auditor to conduct forensic audit and the forensic auditor has submitted its report to the Lenders. VKTRL has however not received any communication or queries from the Lenders in relation to such audit. In view of unavailability of such forensic audit report, we are unable to comment on the consequential impact of the issues, if any, arising out of such forensic audit report.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's views : NA
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) Valecha Kachchh Toll Roads Limited (VKTRL) (a Subsidiary Company) has prepared its Financial Statements on going concern basis even though it has continued to incur significant losses for the quarter ended 31st March, 2020 and in previous financial years based on the claim that VKTRL has put on GSRDC during the previous year and is hopeful of getting the claim settle in its favour.
12	a. Details of Audit Qualification :
	l) The Consolidated financial results include goodwill arising on consolidation amounting to Rs. 1.79 Crores which has not been tested for impairment in spite of the losses and sub optimal operations of the Company.
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of qualification : Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : NA
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :
	(i) The Holding company is approaching banks / Financial Institutions for OTS / Restructuring of their NPA loans and management is hopeful of settling the outstanding loan and getting some reliefs. After the settlement, Goodwill of the group as whole would not be required to be Impaired.

For Bagaria & Co. LLP
Chartered Accountants
FRN : 113447W/ W-100019



Vinay Somani
Partner
Membership No. 143503
Place : Mumbai.

Date : 26th October, 2020

For and on behalf of the board of directors of Valecha Engineering Limited

Lalna B. Takekar
Director
DIN : 08111805

Tarun Dutta
Chief Executive Officer

Anil S. Korpe
Chief Financial Officer

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



For Valecha Engineering Limited

(Tejas Deshpande)
Non Executive & Independent Director
Audit Committee Chairman