



VALECHA
REDEFINING INFRASTRUCTURE

VALECHA ENGINEERING LIMITED



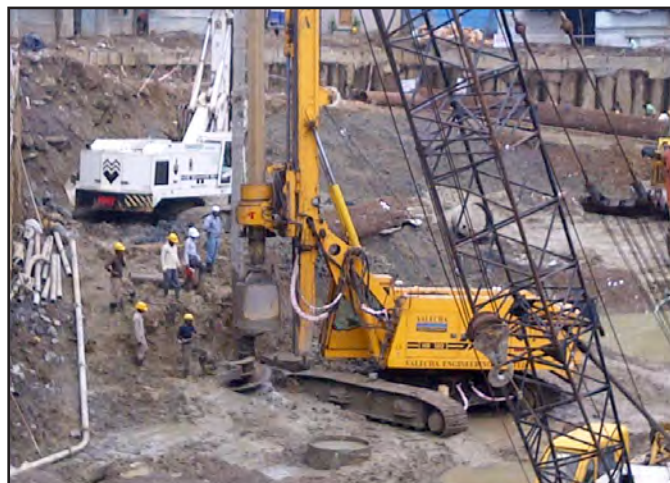
Annual Report 2011-2012



CIDC Vishwakarma Award 2012 being received from
Shri Virbhadra Singh – Union Minister for Small, Micro and Medium Industries.



2 BOT Projects Lebad Manpur
and Badwani Sendhwa completed ahead of schedule.



Pile Foundation

Board of Directors

Anil Harish	— <i>Chairman</i>
J. K. Valecha	— <i>Managing Director</i>
D. H. Valecha	— <i>Whole-time Director</i>
U. H. Valecha	— <i>Whole-time Director</i>
G. Ramachandran	
Arvind Thakkar	

Company Secretary

Kavita Valecha Sharma

Auditors:

M/s. D. M. Jani & Co.
Chartered Accountants

Consortium Bankers:

State Bank of India
Canara Bank
Axis Bank Ltd.
Standard Chartered Bank

Solicitors:

M/s. Bharucha & Partners
M/s. Kirit Damania & Co.
M/s. Luthra & Luthra

Registrars and Transfer Agents:

TSR Darashaw Limited
6-10 Haji Moosa Patrawala Ind. Estate
20, Dr. E. Moses Road,
Mahalaxmi,
Mumbai-400 011.
Tel. : 66568484
Fax : 66568494

Registered Office:

“Valecha Chambers”, 4th Floor,
Andheri New Link Road,
Andheri (West), Mumbai-400 053.
Tel. : 2673 3625 to 29
Fax : 2673 3945
E-mail: ho@valecha.in/investor.relations@valecha.in
website: www.valechaeng.com

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NOTICE

Notice is hereby given that the Thirty Fifth Annual General Meeting of the members of VALECHA ENGINEERING LIMITED will be held on 17th September, 2012 at 4.00 p.m. at Sunville Banquet Hall, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the statement of Profit & Loss Account for the Financial year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in the place of Mr. Anil Harish who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Umesh H. Valecha who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Auditors and in this connection to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the retiring auditors M/s. D. M. Jani & Co., Chartered Accountants, being eligible for re-appointment, be and are hereby appointed to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, on a remuneration of such sum as may be fixed by the Board of Directors/ any Committee of the Board of Directors, plus service tax and reimbursement of out of pocket expenses as may be incurred in the performance of their duties."

By order of the Board

KAVITA VALECHA SHARMA
Company Secretary

Place : Mumbai
Date : 26th July, 2012

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

NOTES:

- (A) 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.

The instrument of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

- (B) The Register of Members and Share Transfer Books of the Company will remain closed from the 11th September, 2012 to 17th September, 2012 (both days inclusive).
- (C) The dividend declared at the meeting, will be made payable on or before 16th October, 2012 as applicable, in respect of shares held in physical form to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfer lodged with the Company on or before the end of business hours on Tuesday, the 11th September, 2012 and in respect of shares held in the electronic form to those "Deemed Members" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as on that date.
- (D) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto and including the financial year ended on 31st March, 2004 have been transferred to the Investor Education and Protection Fund of Central Government.

Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to Investors Education and Protection Fund (the Fund) set up by the Government of India and no payment shall be made in respect of any such claims by the fund. Members who have not yet encashed their dividend for the financial year ended 31st March, 2005 onwards are requested to make their claims to the Company accordingly, without any delay.

It may also be noted that once the unclaimed dividend is transferred to the credit of the said Fund, as above, no claim shall lie in respect thereof.

- (E) Members are requested to notify immediately any change in their address to the Company and details about their Bank Account Number, Name of the Bank, Bank's Branch name and address to enable the Company to draw dividend payable accordingly. In respect of shares

held in electronic form, the instruction regarding change of address should be given directly to the Depository Participants and the Company cannot entertain any such request directly from the shareholders.

- (F) As the equity shares of the company are compulsorily traded in demat form, members holding equity shares in physical form are requested to get the shares converted in demat form.
- (G) Members who have not registered their e-mail address so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their e-mail addresses with TSR Darashaw Limited, Registrar and Share Transfer Agent of the company.
- (H) To avoid loss of dividend warrants in transit and undue delay in receipt thereof, members are advised to avail the facility for receipt of future dividends through National Electronic Clearing Service (NECS). The NECS facility is available at the locations identified by Reserve Bank of

India from time to time which covers most of the cities and towns. Members holding shares in physical form and who have not submitted the NECS details and desirous of availing NECS facility are requested to send to the Share Transfer Agents the details such as: the name of the Shareholder, Bank through which account held, Bank Account number and MICR details immediately and wherever possible the request shall be acceded to.

- (I) 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 10th September, 2012 so that the information required can be made available at the meeting.

By order of the Board

KAVITA VALECHA SHARMA
Company Secretary

Place : Mumbai
Date : 26th July, 2012

DIRECTORS' REPORT

To The Members,

The Directors present their Thirty Fifth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2012.

	(₹ in lacs)	
1. Financial Results:	2011-2012	2010-2011
Net Sales/Income from Operations	70462.42	72975.09
Other Income	1539.23	1801.57
	72001.65	74776.66
Less: Total Expenditure	64928.27	68646.96
Gross Profit Before Interest Depreciation, Taxes and Extraordinary Income	7073.38	6129.70
Less: Interest	2795.16	2310.12
Profit Before Depreciation, Tax and Extraordinary Income	4278.22	3819.58
Less: Depreciation	1045.75	951.83
Profit Before Extraordinary Income & Tax	3232.47	2867.75
Add: Extraordinary Income	24.09	482.00
Profit Before Tax	3256.56	3349.75
Provision for Tax:-		
Current Tax	775.00	635.62
Deferred Tax	243.29	234.81
Profit After Tax	2238.27	2479.32
Add: Balance Brought Forward from Last year	13300.76	12004.09
Prior year adjustment for Taxes & Others	(45.15)	(519.48)
Profit for Appropriation	15493.88	13963.93
APPROPRIATIONS		
Proposed Dividend	195.30	312.48
Tax on Dividend	31.68	50.69
Transfer to General Reserves	400.00	300.00
Balance carried to Balance Sheet	14866.90	13300.76
	15493.88	13963.93
Paid-Up Equity Share Capital	1953.00	1953.00
Reserves (Excluding Revaluation Reserves)	26866.09	23954.95
E.P.S. With Extraordinary Item		
— Basic	11.46	13.03
— Diluted	11.46	11.00
Without Extraordinary Item		
— Basic	11.34	10.49
— Diluted	11.34	8.86

2. Dividend:

The Directors recommend payment of dividend of ₹ 1.00 per share (Previous Year ₹ 1.60 per share) for the year ended 31st March, 2012 on fully paid Equity Shares, subject to approval by the members at the Thirty Fifth Annual General Meeting to be held on 17th September, 2012.

3. Operations:

The Profit Before Tax without Extraordinary Income (PBT) has increased by 12.72% from ₹ 2867.75 Lacs in the previous year to ₹ 3232.47 Lacs for the year 2011-2012, even though the turnover has decreased marginally by 3.44%. The Profit After Tax without Extraordinary Income (PAT) was ₹ 2214.18 Lacs for the 2011-2012 as compared to PAT of ₹ 1997.32 Lacs (without extraordinary income) for the previous year representing an increase by 11.5%.

4. Fixed Deposits:

The Company has accepted Fixed Deposits by way of invitation to the public. The outstanding amount of Fixed Deposits placed with your Company amounted to ₹ 3079.20 Lacs (previous year ₹ 3035.85 Lacs). There were no deposits, which were claimed and remained unpaid by the Company as on 31st March, 2012.

5. Outlook and Review:

The infrastructure and construction business in India is targeted to be at about 8% of the Indian GDP in the near future. With an annual expenditure of \$75 billion and a consistent growth of over 10%, it is the second-biggest economic activity in the Indian economy. A slated investment of \$1 trillion for the 12th Five Year Plan amply demonstrates the governmental focus on the sector. There are, however, some loose ends that Indian industry players need to tie up before they are at par with their counterparts in the global industry.

India has its own set of very unique problems which range from labour productivity to government policy reforms and even handling of bids at the macro level. There is a need to collaborate and work towards building systems and practices that enhance our productivity and effectively manage resources. Besides this, today's world economic instability with the rising interest rates and raw material fluctuations make construction difficult for any developer. Further, Industry issues such as land acquisition, obtaining statutory clearances, and enhancing project delivery through the concerted efforts of developers, contractors and service providers need to be focused upon. These volatilities in today's business environment are making it necessary for construction

companies to rethink their business models. Building a robust order pipeline with forays into new markets and sectors is the top priority to achieve growth. At the same time, with the given competitive landscape companies will need to continuously focus on operational efficiencies to maintain margins. Project management, superior engineering and design, and efficient procurement of resources will be the essential levers for operational excellence.

Given its pivotal role in the creation of infrastructure, as a regulator and a facilitator, the government must play a proactive role in fostering an enabling environment for growth.

Having said this, your Company is involved in different segments of Infrastructure and not restricted to one client thus spreading its risk. Also, the Company is focused on niche markets where there is high growth potential such as underground tunneling and elevated structures with specialized equipment.

We are also glad to inform you that our first two BOT projects of Lebad Manpur and Badwani Sendhwa at Madhya Pradesh were completed ahead of schedule and created records and won accolades at various forums for the same. The Company will focus on being awarded with new contracts and timely and quality delivery of projects to come in new financial year.

During the year the Company has bagged projects worth more than ₹ 1000 crores which include:

(i) Road Project at Chhatisgarh in Joint Venture (60:40), (ii) Project for Improvement and Widening of Bhuj-Bhachau Road in the State of Gujarat on Build, Operate and Transfer (BOT) Basis in Joint Venture (51:49), (iii) Bridge Project at Kota, (iv) Road Project under MPSRP-III at Madhya Pradesh, (v) Road Project in Western Suburbs of Municipal Corporation of Greater Mumbai, (vi) Tunnel Project for Delhi Metro Rail Corporation Limited, (vii) Drain work in Delhi of Municipal Area.

6. Directors:

In accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Anil Harish and Mr. Umesh H. Valecha retire by rotation and are eligible for re-appointment.

7. Auditors Report and Re-appointment of Auditors:

M/s. D. M. Jani & Co., the Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment, pursuant to Section 224 of the Companies Act, 1956. Members are requested to consider re-appointing them as Auditors.

The observations made in the Auditors Report are self-explanatory and therefore, do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

8. Capital and Listing of Shares:

The securities of the Company are listed and traded in compulsory dematerialized form on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Your Company has paid the Annual Listing fees to the Stock Exchanges and Depositories up to date.

9. Transfer to Reserves:

Your Directors propose to transfer a sum of ₹ 400.00 Lacs to the General Reserve account.

10. Subsidiary:

Your Company has following subsidiaries:

Valecha Infrastructure Limited, Valecha International FZE, Professional Realtors Pvt. Ltd., Valecha LM Toll Pvt. Limited, Valecha Badwani Sendhwa Toll Ways Limited, Valecha Power Limited and Valecha Kachchh Toll Roads Limited.

In terms of general exemption granted by the Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011, and in compliance with the conditions enlisted therein, the reports and annual accounts of the subsidiary companies for the financial year ended March 31, 2012 have not been attached to the Company's Accounts. However Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with the Accounting Standards (AS) 21, form part of the Annual Report

The statement pursuant to Section 212 of the Act relating to the subsidiary companies is attached and forms part of this report.

The Annual Accounts and other related information of the subsidiary companies will be made available free of cost to the members on request. The Annual Accounts of subsidiary companies are available for inspection at the registered office of the Company.

11. Code of conduct:

Your Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and the highest standards of business ethics. In recognition thereof, the Board of Directors have implemented a Code of Conduct for adherence by the Directors and Senior Management Personnel of the Company. This helps in dealing with ethical issues and also in fostering a culture of accountability and integrity.

12. Conservation of Energy, Technology Absorption and Foreign Exchange earnings and Outgo:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

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:

(₹ in lacs)

	Current Year	Previous Year
Foreign Exchange Outgo	1921.15	1132.13
Foreign Exchange Earned	Nil	Nil

13. Particulars of Employees:

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 forms part of this report. However, as per the provisions of Sections 219(1) (b) (iv) of the Act, the report and accounts are being sent to all members excluding the statement of particulars of employees under Section 217(2A) of the Act. Any member interested in obtaining a copy of the statement may write to Company Secretary at the Company's Registered Office.

14. Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion and Analysis, Corporate Governance as well as Auditors'

Certificate regarding compliance of condition of Corporate Governance, form part of this Annual Report.

15. Director's Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that in the preparation of the annual accounts, the applicable accounting standards have been followed. Appropriate accounting policies have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for that period. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and the annual accounts have been prepared on a going concern basis.

16. 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 and convey their grateful thanks to Shareholders, Government and Customers for their continued support. Also our sincere thanks and gratitude to State Bank of India, Axis Bank Limited, Canara Bank, Standard Chartered Bank, Indian Overseas Bank, Vijaya Bank, State of Bank of Travancore, Laxmi Vilas Bank Limited, DBS Bank and other Bankers/NBFCs who are continuously supporting the Company and its group at all the times for achieving its goals.

For and on Behalf of the Board

ANIL HARISH
Chairman

Place : Mumbai
Date : 26th July, 2012

ANNEXURE

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of Governance:

The Company believes that consistent implementation of good corporate governance practices contributes towards sustaining and developing the business of the Company.

The cardinal principles such as independence, accountability, responsibility, transparency, trusteeship & disclosures serve as the means for implementing the philosophy of Corporate Governance.

It is the application of best management practices, compliance of law and adherence to ethical standards to achieve the organization goal of enhancing stakeholders value.

We remain committed to maximizing stakeholders value comprising of Shareholders, Customers, Government and Society at large.

2. Board of Directors:

The Board of the Company consists of 6 (Six) Directors of which 3 (Three) are Executive Directors and 3 (Three) are Non-Executive Directors and out of 6 (Six) Directors 3 (Three) are Independent Directors and 3 (Three) are Non-Independent Directors.

During the year 2011-2012, the Board met Six times, with at least one meeting in every quarter and with a gap of less than four months between two meetings on the following dates, namely 27th May, 2011, 10th June, 2011, 11th August, 2011, 4th October, 2011, 14th November, 2011 and 14th February, 2012.

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 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	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. Anil Harish	Non-Executive & Independent	6	Attended	13	6	4
Mr. J. K. Valecha	Executive & Non-Independent	5	Attended	2	2	—
Mr. D. H. Valecha	Executive & Non-Independent	4	Attended	2	1	—
Mr. U. H. Valecha	Executive & Non-Independent	4	Attended	2	—	—
Mr. G. Ramachandran	Non-Executive & Independent	4	Attended	—	—	2
Mr. Arvind Thakkar	Non-Executive & Independent	Nil	Not Attended	—	—	—

Details of Directors seeking appointment/reappointment at the 35th Annual General Meeting: (Pursuant to Clause 49 of the Listing Agreement):

1. Name:	Mr. Anil Harish
Age:	58 years
Qualifications:	B.A., LL.B., LL.M. (USA)
Shareholding as on 31-03-2012	86722 (0.44%)
Expertise:	Over 31 years of experience in taxation and other laws. Partner of M/s. D. M. Harish & Co., Advocate

Other Directorship:	Advani Hotels & Resorts (India) Ltd, Ador Welding Ltd, Ashok Leyland Ltd., Future Ventures India Ltd., Hotel Leela Venture Ltd., Hinduja Global Solutions Ltd., Hinduja Ventures Ltd., Hinduja Leyland Finance Ltd, Mukta Arts Ltd., Mahindra Lifespace Developers Ltd., Oberoi Realty Ltd., Pantaloon Retail (India) Ltd., Unitech Ltd.
Committee Member/ Chairmanship:	Member – Audit Committee (Hotel Leela Venture Limited) Member – Audit Committee (Future Venture India Limited) Member – Audit Committee (Unitech Limited) Member – Audit Committee (Valecha Engineering Limited) Member – Audit Committee (Mahindra Lifespace Developers Ltd.) Member – Audit Committee (Oberoi Realty Limited) Chairman – Audit Committee (Hinduja Ventures Ltd.) Chairman – Audit Committee (Hinduja Global Solutions Ltd.) Chairman – Audit Committee (Ador Welding Ltd.) Chairman – Audit Committee (Ashok Leyland Ltd.)
2. Name:	Mr. Umesh H. Valecha
Age:	36 years
Qualifications:	B.E. (Civil)
Shareholding as on 31-03-2012	2587 (0.01%)
Expertise:	Over 13 years of experience of Civil Construction Works.
Other Directorship:	Valecha Infrastructure Ltd. and Valecha Reality Ltd. (excluding private companies, foreign companies & section 25 companies)
Committee Member/ Chairmanship	Nil

3. Audit Committee:

As on 31st March, 2012 the Audit Committee consisted of Mr. G. Ramachandran – Chairman, Mr. J. K. Valecha – Member and Mr. Anil Harish – Member.

The Audit Committee met Four Times during the year 2011-2012 on 27th May, 2011, 11th August, 2011, 14th November, 2011 and 14th February, 2012 and the attendance of the member of the meeting was as follows:

Name of Directors	Category	No. of Meeting Attended
Mr. G. Ramachandran	Non-Executive & Independent	4
Mr. Anil Harish	Non-Executive & Independent	4
Mr. J. K. Valecha	Executive & Non-Independent	3

The terms of reference of the Audit Committee includes various matters in conformity with the statutory guidelines, which includes the following:

To review the nature and scope of internal and external audit, the adequacy of internal control system and the financial reporting process to ensure the correctness and credibility of financial statements, to review quarterly and annual financial statements before submission to the Board, change in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, to ensure proper accounting policies and compliance with the Accounting Standards and stock exchange requirements regarding financial statements and reviewing over all company's financial and risk management policies and other related areas of the Company.

4. Remuneration Committee:

The committee comprises of (3) Directors, Mr. G. Ramachandran – Chairman, Mr. Arvind Thakkar – Member and Mr. Anil Harish – Member.

The remuneration Committee reviews the Company's policies on specific remuneration packages overall remuneration structure and perquisites, commission etc. payable to the Executive Directors and Non-Executive Directors. The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis. During the year the committee met once on 27th May, 2011.