



# **VALECHA ENGINEERING LIMITED**

**39<sup>TH</sup> ANNUAL REPORT  
2015-2016**

## **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
U. H. Valecha	— Whole-time Director up to 10.08.2016
Kailas P. Chandore	--- Director w.e.f. 27.09.2016
Ashmi D. Sheth	--- Director w.e.f. 27.09.2016

**Company Secretary & Legal:** Vijaykumar H. Modi

**Auditors:** M/s. D. M. Jani & Co. 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

**Solicitors:** M/s. Bharucha & Partners

**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; website: www.valechaeng.com

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## NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of the members of VALECHA ENGINEERING LIMITED will be held on **Wednesday the 28<sup>th</sup> December, 2016 at 11.00 a.m.** at M. C. Ghia Hall, K. D. Marg, Kala Ghoda, 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 31<sup>st</sup> March, 2016, 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 31<sup>st</sup> March, 2016.
- 2. To appoint a Director in the place of Mr. Arvind Thakkar (DIN: 02208108) liable to retire by rotation and being eligible, offers himself for re-appointment.**
- 3. To re-appoint Auditors and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** the retiring auditors M/s. D. M. Jani & Co., Chartered Accountants (Registration No. 104047W), be and is hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors/any committee of Board of Directors of the Company in consultation with the said auditor."

### SPECIAL BUSINESS:

**4. To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made there under (including any statutory modification(s) or re-enactments thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 (the Act) Mr. Kailas Chandore (DIN 07644193) who was appointed as an Additional Director w.e.f. **27<sup>th</sup> September, 2016** pursuant to Section 161 (1) of the Act and who holds office up to the date of this Annual General Meeting and has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company and shall hold office for a term of 5 years w.e.f. **27.09.2016.**"

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**5. To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made there under (including any statutory modification(s) or re-enactments thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 (the Act) Mrs. Ashmi Sheth (DIN 07644493) who was appointed as an Additional Director w.e.f. **27<sup>th</sup> September, 2016** pursuant to Section 161 (1) of the Act and who holds office up to the date of this Annual General Meeting and has submitted a declaration that she meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company and shall hold office for a term of 5 years w.e.f. **27.09.2016.**"

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"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 ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) p.a. plus service tax as applicable and reimbursement of actual travel and out of pocket expenses, to be paid to **M/s Darshan Vora & Co. (Membership No.36481)**, Cost Auditors of the Company, for the Financial Year 2016-2017, as approved by the Board of Directors of the Company, be and is hereby ratified."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such steps as may be necessary, proper or expedient to give effect to this resolution."

For and on Behalf of the Board  
**FOR VALECHA ENGINEERING LIMITED**

**VIJAYKUMAR H. MODI**  
**COMPANY SECRETARY & LEGAL**

Place : Mumbai

Date : 1<sup>st</sup> December, 2016

### 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.

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.

- (B) The Register of Members and Share Transfer Books of the Company will remain closed from the **Wednesday, 21<sup>st</sup> December, 2016 to Wednesday, 28<sup>th</sup> December, 2016** (both days inclusive).

- (C) 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.

- (D) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed/unpaid dividends up to and including the financial year ended on 31st March, 2009 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 **7 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, 2010 to 31<sup>st</sup> March, 2014** are requested to write to the Company's Registrar and Transfer Agents, TSR Darashaw Limited, 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.

- (E) 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.

- (F) 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.

- (G) 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 **20<sup>th</sup> December, 2016** so that the information required can be made available at the meeting.

- (H) 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.

- (I) 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 AGM along with Annual Report for the year ended 31st March, 2016 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 are 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, 2016 is available on the Company's website [www.valechaeng.com](http://www.valechaeng.com).

- (J) 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 Resolution proposed at AGM.

- (K) Ms. Ragini Chokshi, Practicing Company Secretary (Membership no.2390), has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.

- (L) 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.

- (M) The Members who have cast their vote by remote e-voting or by ballot form prior to the meeting may also attend the meeting but shall not be entitled to cast their voting again.

- (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](mailto:investor.relations@valecha.in) in by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, Ms. Ragini Chokshi, Practicing Company Secretary (Membership no.2390) at registered office of the Company not later than **Tuesday, 27<sup>th</sup> December, 2016** (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.

### E-voting instructions:

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

#### A. In case of Members who receive the Notice in electronic mode:

- (a) Open e-mail and open PDF file viz. '**VALECHA remote e-voting.pdf**' with your Client ID No. or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
- (b) Launch internet browser by typing the URL: <https://www.evoting.nsdl.com>.
- (c) Insert user ID and password as initial password stated in (a) above. Click on 'Login'.
- (d) Password change menu appears. Change the password with a new password of your choice with minimum 8 digits/characters or combination thereof. Please do not share your password with any other person and take utmost care to keep your password confidential.
- (e) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles and select the Electronic Voting Event Number (EVEN) of Valecha Engineering Limited.
- (f) Now you are ready for remote e-voting as 'Cast Vote' page opens.
- (g) Cast your vote by selecting appropriate option and click on 'Submit'. Thereafter click on 'Confirm' when prompted.
- (h) Upon confirmation, the message 'Vote cast successfully' will be displayed. Thereafter you will not be allowed to modify your vote.
- (i) Corporate and institutional shareholders (companies, trusts, societies etc.) are required to send a scanned copy (in PDF format) of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested, to the Scrutinizer through e-mail at: [mail@csraginichokshi.com](mailto:mail@csraginichokshi.com) with a copy marked to NSDL's e-mail ID [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

#### B. In case of Members who receive the Notice by post:

- (a) User ID and initial password is provided in the admission slip for the AGM.
- (b) Please follow the steps from Sl. Nos. (b) to (i) mentioned in (A) above, to cast your vote.

#### C. Members already registered with NSDL for e-voting can use their existing user ID and password for Login. Thereafter please follow the steps from Sl. Nos. (e) to (i) mentioned in (A) above, to cast your vote.

#### D. The period for remote e-voting starts at **9.00 a.m. on Sunday, 25<sup>th</sup> December, 2016** and ends at **5.00 p.m. on Tuesday, 27<sup>th</sup> December, 2016**. Remote e-voting shall be disabled by NSDL at **5.00 p.m. on Tuesday, 27<sup>th</sup> December, 2016**. During this period, shareholders of the company holding shares either in physical form or dematerialized form, as on the cut-off date **Wednesday, 21<sup>st</sup> December, 2016** may request for login ID and password and cast their vote electronically.

#### E. In case of any queries, you may refer to the Frequently Asked Questions for Shareholders and remote e-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com). You may also address your queries relating to remote e-voting to the e-mail ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### F. 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 **Wednesday, 21<sup>st</sup> December, 2016**, the cut-off date.
- (c) E-voting right cannot be exercised by a proxy.
- (d) Ms. Ragini Chokshi, 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](http://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 39<sup>th</sup> AGM of the Company to be held on 28<sup>th</sup> December, 2016 and also will be 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 H. MODI**  
**COMPANY SECRETARY & LEGAL**

Place : Mumbai

Date : 1<sup>st</sup> December, 2016

#### Registered Office:

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

## **ANNEXURE TO NOTICE**

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

### **Item No. 4**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company have appointed Mr. Kailas Chandore (DIN 07644193) as an Additional Director (Independent) of the Company to hold office for a period of five consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

As an Additional Director, Mr. Kailas Chandore holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") together with the requisite amount of deposit from Member signifying his intention to propose the appointment of Mr. Kailas Chandore as a Director of the Company.

Mr. Kailas Chandore is Post-Graduate Diploma in Financial Management with 20 years of experience in accounts, audit, taxation, banking and finance.

The Company has also received a declaration from Mr. Kailas Chandore confirming that he meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Mr. Kailas Chandore is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company.

In the opinion of the Board, Mr. Kailas Chandore fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the registered office of the Company during business hours on any working day and is also available on the website of the Company [www.valechaeng.com](http://www.valechaeng.com).

Mr. Kailas Chandore is not related to any other Director and Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. Kailas Chandore are in any way, concerned or interested in the said resolution.

The resolution as set out in item No. 4 of this Notice is accordingly commended for your approval.

### **PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015**

Brief details in respect of the Director seeking appointment/re-appointment at the Annual General Meeting

<b>Name of Director</b>	<b>Mr. Kailas Chandore</b>
DIN	07644193
Date of Birth	28-12-1976
Date of Appointment	27-09-2016
No. of Shares held	Nil

### **Item No. 5**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company have appointed Ms. Ashmi Devang Sheth (DIN:07644493) as an Additional Director (Independent) of the Company to hold office for a period of five consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

As an Additional Director, Ms. Ashmi Devang Sheth holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") together with the requisite amount of deposit from Member signifying his intention to propose the appointment of Ms. Ashmi Devang Sheth as a Director of the Company.

Ms. Ashmi Devang Sheth is Bachelor in Home Science with specialization in Human Development & Family Studies.

The Company has also received a declaration from Ms. Ashmi Devang Sheth confirming that she meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Ms. Ashmi Devang Sheth is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director of the Company.

In the opinion of the Board, Ms. Ashmi Devang Sheth fulfils the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations and she is independent of the management.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the registered office of the Company during business hours on any working day and is also available on the website of the Company [www.valechaeng.com](http://www.valechaeng.com)

Ms. Ashmi Devang Sheth is not related to any other Director and Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and their relatives, except Ms. Ashmi Devang Sheth are in any way, concerned or interested in the said resolution.



## 39th Annual Report 2015-2016

The resolution as set out in item No.5 of this Notice is accordingly commended for your approval.

### PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015

Brief details in respect of the Director seeking appointment/re-appointment at the Annual General Meeting

<b>Name of Director</b>	<b>Ms. Ashmi Devang Sheth</b>
DIN	07644493
Date of Birth	05-12-1984
Date of Appointment	27-09-2016
No. of Shares held	Nil

#### Item No.6

The Board of Directors of the Company, at its meeting held on **27<sup>th</sup> September, 2016** has considered and approved the appointment of **M/s. Darshan Vora & Co. Cost Accountant (Membership No. 36481)** as the Cost Auditor of the Company for the Financial Years 2016-17 at a total remuneration of ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) per annum plus service tax as applicable and reimbursement of actual travel and out of pocket expenses.

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 2016-17.

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.

Your Directors, therefore, recommend the said Resolution at Item No.6.

For and on Behalf of the Board  
**FOR VALECHA ENGINEERING LIMITED**

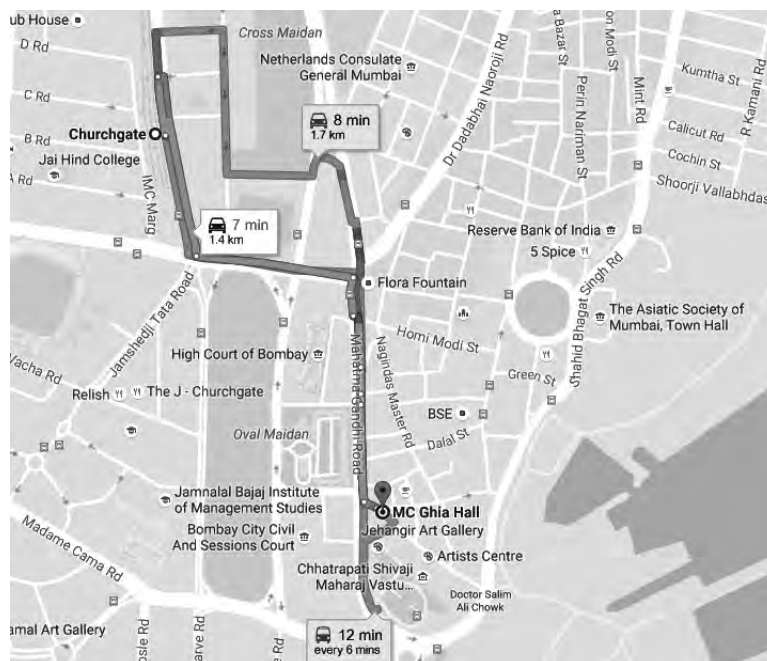
**VIJAYKUMAR H. MODI**  
**COMPANY SECRETARY & LEGAL**

Place : Mumbai

Date : 1<sup>st</sup> December, 2016

#### 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 Thirty Ninth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2016.

(₹ in lacs)

	Standalone		Consolidated	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Net Sales/Income from Operations	<b>70,833.27</b>	64,994.24	<b>75,044.91</b>	68,405.05
Other Income	<b>1,219.10</b>	1,217.17	<b>1,290.33</b>	1,328.46
Total Revenue	<b>72,052.37</b>	66,211.41	<b>76,335.24</b>	69,733.51
Less: Total Expenditure	<b>82,348.15</b>	64,599.34	<b>83,122.96</b>	65,066.58
Gross Profit Before Interest, Depreciation, Taxes and Extraordinary Income	<b>(1,029.78)</b>	1,612.07	<b>(6,787.22)</b>	4,666.93
Less: Interest	<b>6,220.39</b>	4,704.79	<b>12,088.61</b>	8,127.16
Profit/(Loss) Before Depreciation, Tax and Extraordinary Income	<b>(16516.17)</b>	(3,092.72)	<b>(18876.33)</b>	(3,460.23)
Less: Depreciation	<b>1,988.15</b>	2,829.05	<b>5,346.48</b>	4,674.11
Profit/(Loss) Before Extraordinary Income & Tax	<b>(18,504.33)</b>	(5,921.77)	<b>(24,222.81)</b>	(8,134.34)
Add: Extraordinary Income	—	—	—	—
Profit/(Loss) Before Tax	<b>(18,504.33)</b>	(5,921.77)	<b>(24,222.81)</b>	(8,134.34)
Provision for Tax:				
Current Tax	—	—	—	—
Deferred Tax	<b>(376.30)</b>	(535.88)	<b>(508.84)</b>	(674.43)
Profit/(Loss) After Tax	<b>(18,128.02)</b>	(5,385.89)	<b>(23,713.95)</b>	(7,459.91)
Minority Interest	—	—	<b>426.49</b>	539.21
Add: Balance Brought Forward from Last Year	<b>11,511.19</b>	17,479.89	<b>6,337.41</b>	13,840.92
Additional Depreciation pursuant to enactment of Schedule II of the Companies Act, 2013	—	485.07	—	485.07
Prior Year adjustment for Taxes & Others	<b>(0.06)</b>	(97.74)	<b>(0.06)</b>	(97.74)
<b>Profit for Appropriation</b>	<b>(6,616.89)</b>	11,511.19	<b>(16,950.11)</b>	6,337.41
<b>Appropriations:</b>				
Balance Carried to Balance Sheet	<b>(6,616.89)</b>	11,511.19	<b>(16,950.11)</b>	6,337.41
	<b>(6,616.89)</b>	11,511.19	<b>(16,950.11)</b>	6,337.41

### 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 31<sup>st</sup> March, 2016.

### 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:

During the current financial year, the Company has achieved the turnover of ₹ 70,833.27 Lacs against ₹ 64,994.24 Lacs resulting into a marginal increase by 8.98 %. The Company has incurred Post Tax Loss of ₹18,128.02 Lacs against the Loss After Tax of ₹ 5,385.89 Lacs.

#### Auditors' Report –Emphasis of Matters

The Company has incurred substantial losses from its operations during the current and previous year which has eroded its net-worth substantially. The Company has also incurred net operating cash loss during the current year. Further, the Company has defaulted in repayment of borrowing, defaulted in payment of statutory dues and there was loss of key management without replacement. These conditions, along with other matters set forth in Note 29, 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 statement of the Company have been prepared on a going concern basis for the reasons stated in the said note. Our opinion is not modified in respect of these matters.

#### Reply to Qualification in Audit Report

The accumulated losses for the year ended 31<sup>st</sup> March, 2016 have resulted in Company's erosion of more than 50 per cent of its peak net worth during the immediately preceding four financial years. However, the management is of the opinion that subject to approval of Restructuring Scheme by banks, the Company will be able to return to profitability over the next few years and may be in position to repay Loans and pay statutory dues. Hence, the financial statements have been prepared assuming that the Company and its subsidiaries will continue as a going concern. No adjustments are hence made in the financial statements that might result from the outcome of this uncertainty.



## 5. Fixed Deposits:

The company has discontinued, the deposit scheme in the financial year 2014-15 and no fresh deposits have been accepted during the year. Deposits outstanding as at 31st March, 2016 are: (i) at the beginning of the year – ₹ 4057.81Lacs (ii) at the end of the year – ₹ 3824.00 Lacs. The company has been undergoing financial crisis. The Directors of the company are in the process of considering and analyzing restructuring possibilities, including for the outstanding Fixed Deposits.

## 6. Material changes and commitments: There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred 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 is 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:

SEBI – Vide Order dated 5<sup>th</sup> January, 2016 restrained the specified entities from raising capital from public and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner, whatsoever, for the definite period for each entity individually.

## 9. Details of Subsidiary/Joint Ventures/Associate Companies:

Valecha Infrastructure Limited, Valecha International FZE, Professional Realtors Pvt. Ltd., Valecha LM Toll Pvt. Limited, Valecha Badwani Sendhwa Toll Ways Limited and Valecha Kachchh Toll Roads Limited are 6 subsidiaries of the Company as at 31<sup>st</sup> March, 2016.

Except for the details given above, no other company has become or ceased to be Company's subsidiary, joint venture or associate company during the financial year

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.

A report on the performance and the financial position of the subsidiary companies as per Companies Act, 2013 forms part of the consolidated financial statement and hence not repeated here for the sake of brevity.

## 10. Auditors' Report:

There are no qualifications, reservation or adverse remark made by M/s D. M. Jani & Co., Statutory Auditors in their report for the financial year ended 31st March, 2016. Please refer item no. 4 (Supra).

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

## 11. Re-appointment of Auditors:

**M/s. D. M. Jani & Co, Chartered Accountants (Firm Registration Number: 104047W)**, who are Statutory Auditors of the Company will hold office till the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment to audit the accounts of the Company for the Financial Year 2016-17. As required under the provisions of Section 139 of the Companies Act, 2013 the Company has obtained written confirmation from M/s. D. M. Jani & Co. that their appointment, if made, would be in conformity with the limits specified in the said section.

### Audit Committee:

The composition of the Audit Committee has been mentioned in the Corporate Governance Report annexed to this report.

### Cost Auditor:

Pursuant to Section 148 of the Companies Act, 2013, in terms of the Central Government's approval, the Board of Directors on the recommendation of the Audit Committee appointed **M/s Darshan Vora & Co (M/36481), Cost Accountant**, as the Cost Auditor of the Company for the year under review. The remuneration proposed to be paid to the Cost Auditor requires ratification of the shareholders of the Company. In view of this, ratification for payment of remuneration to the Cost Auditor is being sought at the ensuing Annual General Meeting.

**M/s Darshan Vora & Co** have confirmed that their appointment is within the limits of the 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 auditor has given their eligibility certificate for appointment as Cost Auditor.

### Secretarial Auditors and their Report:

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 31<sup>st</sup> March, 2016. Their Report is annexed as **Annexure - A** to this report.

In respect of comment of Secretarial Auditors, regarding Board composition, the Board of Directors have appointed two Directors viz Mr. Kailas Chandore as an Independent Director and Ms. Ashmi Sheth as an Independent Woman Director with effect from **27.09.2016**.

Mr. Vijaykumar H. Modi has been appointed as a Company Secretary & Legal/ Compliance Officer with effect from 1<sup>st</sup> October, 2016.

The Company is in the process of appointing Chief Financial Officer so as to comply with Section 203 of the Companies Act, 2013.

## 12. Directors:

Retirement by Rotation:

In accordance with the requirement of the Companies Act, 2013, Mr. Arvind Thakkar, Director (DIN 02208108) of the company is liable to retire by rotation at the ensuing Annual General Meeting (AGM), and being eligible, offers himself for re-appointment.

Mr. Umesh H. Valecha resigned on his own accord from the Board w.e.f. 10<sup>th</sup> August, 2016.

The Board of Directors at its meeting on the 27<sup>th</sup> September, 2016 have appointed Mr. Kailas Chandore (DIN:07644193) as Additional Director and Mrs. Ashmi Sheth (DIN: 07644493) as Additional Director (Woman Director) of the Company. The board, therefore, recommends their appointment as a director of the Company. A brief resume of them and other relevant information have been furnished in the notice convening the AGM.

Necessary resolutions for the aforesaid Directors for appointment/ re-appointment are being placed for approval of the members at the AGM.

The brief particulars of the concerned Directors have been provided in the Corporate Governance Report, pursuant to Clause 49 of the Listing Agreement./ SEBI (LODR) Regulations, 2015.

### Declaration by Independent Directors:

Shri Arvind Maganlal Thakkar, Mr. Kailas Chandore and Mrs. Ashmi Sheth are an Independent Directors on the Board of the Company confirms that they meets the criteria of Independence as prescribed both under the Companies Act, 2013 and Clause 49 of the Listing Agreement / SEBI (LODR) Regulations, 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.

## 13. Capital and Listing of Shares:

During the current year 2015-16 the Company allotted 30 Lacs shares on Preferential basis to FIIs/FPIs. Consequent upon the allotment of equity shares, the paid up share capital of the Company has been increased from ₹ 19.53 crores to 22.53 crores.

## 14. 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.

## 15. 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:**

	(₹ in lacs)	
	2015-2016	2014-2015
Foreign Exchange Outgo	Nil	2.11
Foreign Exchange Earned	Nil	Nil

## 16. 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.

## 17. 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 - B** which is annexed hereto and forms part of the Directors' Report.

**18. Corporate Social Responsibility (CSR):** During the year under review in view of the loss incurred, Section 135 (1) of the Companies Act, 2013 is not applicable. The infrastructure sector, as a whole, is passing through the challenging times and your company is also facing this heat. In this challenging phase, the cash flows of the company have been adversely impacted. It is submitted that the company is trying hard and undertaking several steps to successfully going through this tough time. The Company is hopeful that in the near future, it will streamline its operations and provide its due share towards the betterment of the society by making the required contribution for the Financial Year 2014-15 in respect of CSR activities envisaged by the company.

## 19. Number of meetings of the Board of Directors:

The details of the number of meetings of the Board held during the Financial Year 2015-16 forms part of the Corporate Governance Report.