

## REPORT ON CORPORATE GOVERNANCE

A compliance report on Corporate Governance is included in this Annual Report in compliance of Regulation 34(3) read with Schedule V Part C appended to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter collectively termed as "said regulations")

### 1. Company's Philosophy on Code of Governance:

The basic philosophy of Corporate Governance of the Company is to achieve business excellence and dedicate itself to increasing long-term shareholders value, keeping in view the need and interest of all its stakeholders' viz. customers, shareholders, employees, regulatory bodies, vendors, bankers etc.

### 2. Board of Directors:

#### Composition and size of the Board:

**3 (Three) Non-Executive Independent Directors & 1 (one) Non-Executive Director**

The members of the Board are acknowledged as businessmen and professionals in their respective fields.

Non-Executive Independent Directors bring independent judgment in the Board's deliberations and decisions.

The Company has no pecuniary relationship / transaction with any of the Non-Executive Directors other than those disclosed elsewhere in this Annual Report.

#### Board Meetings and Attendance

During the year 2019-2020, the Board met 8 times, with at least one meeting in every quarter and with a gap of less than 120 Days between two meetings on the following dates, namely:

02<sup>nd</sup> May, 2019, 30<sup>th</sup> July, 2019, 21<sup>st</sup> August, 2019, 17<sup>th</sup> October, 2019, 14<sup>th</sup> November, 2019, 19<sup>th</sup> November, 2019, 09<sup>th</sup> December, 2019, 14<sup>th</sup> February, 2020.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees in which he/she is a Director.

The following table gives details of Directors, Attendance of Directors at the Board Meetings and the last Annual General Meeting, number of memberships held by Directors in the Board/Committees of various other companies:

Name	Category	DIN	Attendance particulars		Number of other Directorship and Committee Membership/Chairmanship		
			Board Meeting	Last AGM	Other Directorship (excluding Pvt. Ltd. Companies)	Committee Membership	Committee Chairmanship
Mr. Arvind Thakkar	Non-Executive & Independent upto 19.11.2019	02208108	1		0	3	2
Mr. J. K. Valecha	Non – Executive upto 19.11.2019	00013070	6		1	-	-
Mrs. Lalna Takekar	Non Executive & Independent Director	08111805	8		4	-	-
Mr. Ketan Gandhi	Non-Executive & Independent upto 10.10.2019	00650579	3		1	2	1
Mrs. Sonal V. Jitiya	Non-Executive upto 19.11.2019	00668047	6		0	3	0
Mr. Tejas Deshpande	Additional Director w.e.f 14/11/2019	01942507	4		1	3	0
Mr. S.N. Kavi	Additional Director w.e.f 14/11/2019	05134904	4		0	3	0

### 3. Audit Committee

#### Terms of Reference in brief:

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee subject to Section 177 of the Companies Act, 2013 and Regulation 18 and Part C of Schedule II of the SEBI Listing Regulations, 2015:

- Overseeing of the Company's financial reporting process and disclosure of financial information and financial/risk management policies.
- Review of Quarterly and Annual Financial Statements ensuring compliance with regulatory guidelines and auditors report thereon.
- Review of the adequacy of Internal Control Systems, discussion on significant Internal Audit findings including internal control and weakness, if any and risk management.

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- iv. Recommend appointment, removal of Statutory Auditors, Cost Auditors, Internal Auditors & their remuneration.
- v. Review and approval of material related parties' transactions and subsequent modification thereto.
- vi. Review and approve appointment of CFO or any other person heading the finance function.
- vii. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- viii. Scrutiny of inter-corporate loans and investments.
- ix. Valuation of undertakings or assets of the Company, wherever it is necessary.
- x. Review Management Discussion & Analysis of financial condition and the Company's Financial Results
- xi. Review areas of operation of Internal Audit team & their performance

**Composition of Audit Committee of the Board:**

Name of Director	Category	Chairman/Member
Mr. Arvind Thakkar upto 19.11.2019	Non-Executive & Independent Director	Chairman
Mrs. Lalna Takekar	Non-Executive & Independent Director	Member
Mr. Ketan Gandhi upto 10.10.2019	Non-Executive & Independent Director	Member
Mrs. Sonal Jitiya upto 19.11.2019	Non-Executive Director	Member
Mr. Tejas Despande w.e.f 14.11.2019	Additional Director	Member
Mr. S.N. Kavi w.e.f 14.11.2019	Additional Director	Member

**Meetings of the Audit Committee:**

The Audit Committee met 6 times during the year 2019-2020 on 02<sup>nd</sup> May, 2019, 29<sup>th</sup> July, 2019, 21<sup>st</sup> August, 2019, 14<sup>th</sup> November, 2019, 09<sup>th</sup> December, 2019 and 14<sup>th</sup> February, 2020.

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

Name of Director	Position	Attendance at Meetings
Mr. Arvind Thakkar upto 19.11.2019	Chairman	0
Mrs. Lalna Takekar	Member	6
Mr. Ketan Gandhi upto 10.10.2019	Member	3
Mrs. Sonal Jitiya upto 19.11.2019	Member	4
Mr. Tejas Deshpande w.e.f 14.11.2019	Member	2
Mr. S.N. Kavi w.e.f 14.11.2019	Member	2

The Chief Financial Officer is a permanent invitee at the meeting. The Company Secretary acts as the Secretary to the meeting

**4. Nomination and Remuneration Committee:**

The terms of reference of the Nomination and Remuneration Committee are mentioned in the provisions of Section 178 of the Companies Act, 2013 read with Part D(A) of Schedule II and Regulation 19 of the SEBI Listing Regulations, 2015:

- i. Identifying persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board his/her appointment and removal;
- ii. Conduct the evaluation of every director's performance;
- iii. Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- iv. Recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- v. Formulation of criteria for evaluation of independent directors and the Board
- vi. Devising a policy on Board diversity; and
- vii. Any other matter as the Board may decide from time to time.

**Composition of Nomination and Remuneration Committee of the Board:**

Name of Director	Category	Chairman/Member
Mr. Arvind Thakkar upto 19.11.2019	Non-Executive & Independent Director	Member
Mrs. Lalna Takekar	Non-Executive & Independent Director	Member
Mr. Ketan Gandhi upto 10.10.2019	Non-Executive & Independent Director	Chairman
Mrs. Sonal Jitiya upto 19.11.2019	Non-Executive Director	Member
Mr. Tejas Despande w.e.f 14.11.2019	Additional Director	Member
Mr. S.N. Kavi w.e.f 14.11.2019	Additional Director	Member

The Company Secretary acts as the Secretary to the meeting

**Remuneration policy and Remuneration paid to Directors:**

The sitting fees presently paid to the Non – Executive Directors for the F.Y. 2019-2020 is Rs. 10,000/ – per meeting of the Board, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

There is no pecuniary relationship or transaction entered into by the Company with any of the Directors of the Company except as disclosed herein below as regards the remuneration including the sitting fees paid to them.

(Rs.)

Sr. No.	Name of Directors	Shareholding as on 31.03.2020	Salary and Perquisites	Sitting Fees	Commission	Total
1	Mr. Arvind Thakkar	1,20,348	0	50,280	-	50,280
2	Mr. Jagdish K. Valecha	0	0	60,000	-	60,000
3	Mrs. Lalna Takekar		0	2,00,000	-	2,00,000
4	Mr. Ketan Gandhi	800	0	1,65,000	-	1,65,000
5	Mrs. Sonal V. Jitiya		0	2,05,000	-	2,05,000
6	Mr. Tejas Deshpande		0	70,000	-	70,000
7	Mr. S.N. Kavi		0	70,000	-	70,000
	<b>Total</b>	-		<b>8,20,280</b>		<b>8,20,280</b>

\*INCLUDES PREVIOUS YEAR RS.3,30,000/ – & CURRNT YEAR RS. 4,90,280/-.

The Company does not have any stock option scheme. Other than above mentioned fees, no other remuneration is paid to non-executive directors.

**5. Performance Evaluation criteria for Directors:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements), 2015 the Board has carried out an annual performance evaluation of the working of its own performance, the Directors individually as well as evaluation of its Committees.

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Independent Directors, Board of Directors and Committees of the Board of Directors.

The Board of Directors carry out the performance evaluation of Independent Directors and the director who is subject to evaluation does not participate during his evaluation.

**6. Independent Directors' Meeting**

During the year under review, the Independent Directors met on 06/03/2020 *inter alia*, to:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors
- Assess the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors attended the Meeting.

**7. Familiarization programme for Independent Directors**

As and when a new Independent Director is appointed, the Company takes steps to familiarize the Independent Director with the Company, his/ her roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

The Directors are also explained in detail about the compliances required from them under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

**8. Stakeholder's Relationship Committee:**

Stakeholders Relationship Committee specifically looks into redressing of Shareholders' and Investors' Complaints regarding transfer of shares, non-receipt of Dividend warrants and Annual Reports include enquiring into and redress complaints of Shareholders and Investors and to resolve the grievance of security holders of the Company.

All the requests / correspondence received for the financial year ended 31<sup>st</sup> March, 2020, were duly addressed by the Company/Registrar & Transfer Agent, **TSR Darashaw Consultants Private Limited**, appropriately. No queries are pending for resolution except where they are constrained by dispute or legal impediments or due to incomplete or non-submission of documents by the concerned Shareholders.

**Composition of Stakeholders Relationship Committee:**

Name of Director	Category	Chairman/Member
Mr. Arvind Thakkar upto 19.11.2019	Non-Executive & Independent Director	Chairman
Mrs. Lalna Takekar	Non-Executive & Independent Director	Member
Mr. Ketan Gandhi upto 10.10.2019	Non-Executive & Independent Director	Member
Mrs. Sonal Jitiya upto 19.11.2019	Non-Executive Director	Member
Mr. Tejas Despande w.e.f 14.11.2019	Additional Director	Member
Mr. S.N. Kavi w.e.f 14.11.2019	Additional Director	Member

Name and Designation of the Compliance Officer: **Mr. Vijaykumar H. Modi** – Company Secretary & Legal.

During the year under review, the Company had received 10 complaints from shareholders and the same have been redressed to their satisfaction.

**9. Risk Management Policy**

The Company has set up a Risk Review Team ('Team') to review the risks faced by the Company and monitor the development and deployment of risk mitigation action plans. The Team reports to the Board of Directors and the Audit Committee who provide oversight for the entire risk management framework in the Company.

Accordingly, during the year, the Directors have reviewed the risk management policy and processes and also the risks faced by the Company and the corresponding risk mitigation plans deployed.

The Company is not required to constitute a Risk Management Committee, as the Company falls outside the purview of the provisions of Regulation 21(5) of the SEBI Listing Regulations, 2015.

**10. Details of establishment of Vigil Mechanism for directors and employees**

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has framed a Vigil Mechanism/Whistle Blower policy with a view to maintain high standards of transparency in Corporate Governance, deal with unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, if any. No communication from any employee of the company under the Whistle Blower Policy was received during the year.

**11. Subsidiary Companies:**

None of the Company's subsidiary is a material subsidiary during the year under review.

The Audit Committee reviews the financial statements including the investments made by the unlisted subsidiary companies. The minutes of the Board of Directors of the unlisted subsidiary companies are provided to the Board of Directors of the Company as a part of the Board Meeting Agenda notes.

**12. General Body Meetings:**

The details of last three Annual General Meeting of the Company are as follows:

Date	Time	Details of Special Resolution	Relevant Section	Location
30.09.2019	10.30 a.m	Consider the re-appointment of Mr. Arvindkumar M. Thakkar as a Non Executive & Independent Director	149, 152	Babasaheb Dahanukar Sabhagriha, Orion House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai – 400001
29.09.2018	03:00 p.m.	To consider the waiver of recovery of remuneration paid/ provided to Mr. Jagdish Valecha	197	Babasaheb Dahanukar Sabhagriha, Orion House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai – 400001
		To consider the waiver of recovery of remuneration paid/provided to Mr. Dinesh Valecha		
		To consider the waiver of recovery of remuneration paid to Mr. Tarun Dutta		
29.09.2017	10:30 a.m.	Re-appointment and payment of remuneration to Mr. Jagdish K. Valecha	196,197,198 & 203	Babasaheb Dahanukar Sabhagriha, Orion House, 6th Floor, Maharashtra Chamber of Commerce Lane, Kala Ghoda, Fort, Mumbai – 400001
		Re-appointment and payment of remuneration to Mr. Dinesh H. Valecha		
		Appointment and payment of remuneration to Mr. Tarun Dutta		

As on date of this report, there is no proposal to pass any special resolution through Postal Ballot.

**13. Disclosures:**

1. There are no transactions of material nature that have been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company. Transactions with related parties are disclosed in notes to Accounts forming part of the Balance Sheet in the Annual Report.
2. The Directors' Report includes details of Management Discussion and Analysis including Risks & Concerns.
3. Whistle Blower Policy: The Company takes cognizance of complaints made and suggestions given by the employees and others.
4. The mandatory requirements as per SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 have been complied with by the Company.

**14. Means of Communication:**

- Quarterly/Half yearly/Financial results are published in leading English & Marathi newspapers.
- Quarterly, Half Yearly and Annual Financial Results of the Company immediately after approval of the Board are sent to the Stock Exchange together with a copy of Limited Review Report/Audit Report and Half-yearly Statement of Assets & Liabilities as applicable.
- All the data related to Quarterly, Annual Financial Results, Shareholding Pattern etc. are uploaded as required in terms of SEBI(Listing Obligation and Disclosure Requirement), Regulations 2015.
- Management Discussion and Analysis Report forms part of the Annual Report.

**15. Reconciliation of Share capital Audit Report:**

A qualified practicing Company Secretary carried out a Reconciliation of Share capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of dematerialized shares held with NSDL and CDSL.

**16. Code of Conduct:**

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company and the same is posted on the Company's website "www.valecha.in". All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and a declaration to this effect signed by the Directors has been obtained and is enclosed below.

**DECLARATION UNDER CODE OF CONDUCT:**

It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood for compliance with the Code of Conduct framed by the Company and confirmations for the year ended **31.03.2020** have been obtained from the Directors and Senior Management Personnel of the Company.

For and on behalf of the Board

**For Valecha Engineering Limited**

**Lalna Takekar**  
Director

**Tejas Deshpande**  
Director

**S.N. Kavi**  
Director

Date : 20<sup>th</sup> August, 2020  
Place : Mumbai

**17. CEO/CFO Certification**

As required under Listing Regulations, the Chief Executive Officer and the Chief Financial Officer of the Company have issued a certificate to the Board of Directors, for the year ended 31<sup>st</sup> March, 2020.

**18. VEL Code of Conduct for Prevention of Insider Trading:**

In compliance with SEBI's regulation on prevention of insider trading, the Company had instituted a comprehensive Code of Conduct for prevention of Insider Trading for its Designated Persons. The Code lays down guidelines, which regulates Trading Window period, seeks disclosures of annual holdings and prohibits dealing in shares of the Company during the closure of Trading Window or when in possession of unpublished price sensitive information, besides compliance with other related matters.

In accordance with the newly notified SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended by SEBI (Prohibition of Insider Trading) (Amendment) Regulation, 2018 the Company has laid down new Code of Conduct to regulate, monitor and report trading by Designated Persons pursuant to Regulation 9(1) and Schedule B of the SEBI (Prohibition of Insider Trading) Regulations.

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**19. General Shareholder Information:**

43 <sup>rd</sup> Annual General Meeting	<b>Day &amp; Date</b> : Wednesday, 30 <sup>th</sup> September, 2020 <b>Time</b> : 09.30 A.M <b>Venue</b> : Through Video Conferencing/ OVAM at the Registered Office of the Company	
Financial Calendar	April to March (Financial year) First Quarter Results – 1 <sup>st</sup> /2 <sup>nd</sup> week of August Second Quarter Results – 1 <sup>st</sup> /2 <sup>nd</sup> week of November Third Quarter Results – 1 <sup>st</sup> /2 <sup>nd</sup> week of February Annual Audited Result – Last week of May	
Book Closure	Wednesday, 23 <sup>rd</sup> September, 2020 to Wednesday, 30 <sup>th</sup> September, 2020.	
Listing on Stock Exchange	<b>BSE Limited</b>	<b>National Stock Exchange of India Limited</b>
a) Stock Code No.	532389	VALECHAENG
b) Code on Screen	532389	VALECHAENG
Disclosure on suspension of trading	w.e.f. 29 <sup>th</sup> November, 2016 for Non-submission of Audited/Unaudited Results for the year ended 31 <sup>st</sup> March, 2016 and Quarter ended 30 <sup>th</sup> June, 2016. The Company has made application to BSE Limited and National Stock Exchange of India Limited for revocation of suspension of trading. The Company expects to commence trading at BSE Limited in due course.	
Registrar and Transfer Agents	<b>TSR Darashaw Consultants Private Limited</b> <b>CIN:</b> U74999MH2018PTC307859 6-10 Haji MoosaPatrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011. Tel.: 66568484 • Fax: 66568494	

\* Share Transfer System: The Company's Shares are traded in compulsory demat mode and are transferable through depository system. All the physical transfers received are processed by the registrar and transfer agents and approved by Share Transfers Committee, which meets at regular intervals.

\* Distribution of Shareholding: As on 31<sup>st</sup> March, 2020.

Shareholding of Nominal Value		Shareholders		Share Amount	
Rs.	Rs.	No.	% to Total	Rs.	% to Total
1	5,000	12,093	81.94	1,86,07,350	8.25
5,001	10,000	1329	9.01	1,08,30,800	4.81
10,001	20,000	670	4.54	1,02,52,490	4.55
20,001	30,000	245	1.66	62,41,010	2.77
30,001	40,000	108	0.73	38,66,680	1.72
40,001	50,000	82	0.56	38,92,160	1.73
50,001	1,00,000	136	0.92	1,01,79,810	4.52
1,00,001	Above	95	0.64	16,14,29,950	71.65
<b>TOTAL</b>		<b>14758</b>	<b>100</b>	<b>22,53,00,250</b>	<b>100</b>

Shareholding Pattern as on 31.03.2020			
Sr. No.	Category	No. of Shares	%
1	Promoters (Promoter group)	40,76,676	18.09
2	NRI's	10,68,360	4.74
3	Bodies Corporate	9,64,556	4.28
4	Financial Institutions/Mutual Fund	7,12,476	3.16
5	Foreign Institution Investors	38,92,537	17.28
6	<b>Others:</b>		
	Independent Directors	1,21,148	0.53
	Shares held by Custodians issued against GDRs		0.00
	Indian Public	1,16,71,460	51.81
	Investor Education Protection Fund	22,812	0.10
	<b>TOTAL</b>	<b>2,25,30,025</b>	<b>100.00</b>

\* Dematerialization of Shares: As on 31<sup>st</sup> March, 2020, **98.38%** of the Company's total shares representing **2,21,65,830** shares were held in dematerialized form.

The Share are available in Demat form with:

1. Central Depository Services (India) Limited ISIN-INE624C01015
2. National Securities Depository Limited ISIN-INE624C01015

\* Plant Location: The Company has various sites.

\* Address for correspondence:

**(1) Company:**

**VALECHA ENGINEERING LIMITED** - "Valecha Chambers", 4th Floor, Andheri New Link Road, Andheri (West), Mumbai-400 053.

CIN: L74210MH1977PLC019535

Tel : 022 – 2673 3625 to 29

Fax : 022 – 2673 3945

E-mail: [ho@valecha.in](mailto:ho@valecha.in) investor.relations@valecha.in

For and on behalf of the Board

**For VALECHA ENGINEERING LIMITED**

**LALNA TAKEKAR**  
DIRECTOR

**TEJAS DESHPANDE**  
DIRECTOR

**S.N. KAVI**  
DIRECTOR

Place: Mumbai

Date: 20<sup>th</sup> August, 2020

  
**CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members of VALECHA ENGINEERING LIMITED

We have examined the compliance of conditions of Corporate Governance by VALECHA ENGINEERING LIMITED, for the year ended on **March 31, 2020**, as stipulated in Regulation 17 to 27, Clauses (b) to (i) of Regulation 46 (2) and paragraph C, 0 and E of Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with Stock Exchanges in India.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for the purpose of the review and the information and explanations given to us by the Company during the course of such review.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has in all material respect complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulation and Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Ragini Chokshi & Co.**

**(Ragini Chokshi)**

Partner

Mem No.2390 C.P.No.1436

Date: 18.08.2020

Place: Mumbai