



Registered Office

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May 30, 2016

To

The Secretary  
The BSE Limited  
P.J. Towers, Dalal Street,  
Mumbai- 400 001  
Tel: 022-22721234, Fax-2272 3121

The Manager  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor,  
Bandra Kurla Complex,  
Bandra (East), Mumbai-400 051  
Tel: 022 – 26598235, Fax-26598237/38

Scrip Code: 532907

Scrip Code: IL&FSENGG

Dear Sirs,

**Sub: Outcome of Board Meeting:**

- (1) Audited Financial Results for the Quarter and Year Ended March 31, 2016
- (2) Additional fund raising options for an amount up to Rs. 500 crore

**Ref: Reg. 33 and Reg. 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosures Requirements) (Amendments) Regulations, 2016, please find enclosed Audited Standalone and Consolidated Financial Results for the quarter and year ended March 31, 2016 as approved by the Board of Directors of the Company in its meeting held on May 30, 2016 along with the Statement on Impact of Audit Qualifications (for audit report with modified opinion)

Also find enclosed herewith, Auditors' Report on the Audited Standalone and Consolidated Financial Results received from the Statutory Auditors, M/s S. R. Batliboi & Associates LLP, Chartered Accountant

Further, this is to inform that the Board of Directors of the Company has resolved, subject to requisite approvals by members of the Company through postal ballot and other Statutory / Regulatory approvals, if required, to issue Preference Shares of Rs. 100 each on preferential basis for an amount up to Rs 500 Crore

The meeting of Board of Directors commenced at 8.45 pm and concluded at 9.45 pm

Thanking you,

Yours faithfully,  
For IL&FS Engineering and Construction Company Limited

Sushil Dudeja  
Company Secretary

Encl: as above



**IL&FS Engineering and Construction Company Limited**

CIN: L45201AP1988PLC008624

Regd. Office : D No 8-2-120/113/3/4F, Samali Info Park, Cyber Towers, Road No 2 , Banjara Hills, Hyderabad - 500033

Phone-040 40409333; Fax-040 40409444

Website- www.ilfsengg.com; Email- cs@ilfsengg.com

Statement of Standalone / Consolidated Audited financial results for the Quarter and Year ended March 31, 2016

Particulars	Standalone				Consolidated	
	31-Mar-16 (Audited) Refer Note 11	31-Dec-15 (Unaudited)	31-Mar-15 (Audited) Refer Note 11	For the Year ended 31-Mar-16 (Audited)	For the Year ended 31-Mar-15 (Audited)	For the Year ended 31-Mar-15 (Audited)
<b>1. Income from operations</b>						
(a) Income from operations	58,908	43,742	57,773	1,84,487	2,34,820	2,77,102
(b) Other operating income	-	-	583	-	1,170	1,170
<b>Total income from operations (net)</b>	<b>58,908</b>	<b>43,742</b>	<b>53,356</b>	<b>1,84,487</b>	<b>2,35,990</b>	<b>2,78,272</b>
<b>2. Expenses</b>						
(a) Cost of materials consumed	20,803	21,046	13,329	77,195	67,324	81,518
(b) Changes in inventories of work-in-progress	-	-	-	-	-	(930)
(c) Employee benefits expenses	3,167	3,166	3,386	13,004	13,617	14,082
(d) Depreciation and amortisation expenses	1,061	1,079	1,131	4,366	4,373	5,636
(e) Subcontracting expenses	24,518	14,942	27,241	71,167	1,21,724	1,29,799
(f) Other expenses	7,174	5,085	3,575	21,030	13,545	16,085
<b>Total expenses</b>	<b>56,723</b>	<b>45,318</b>	<b>53,662</b>	<b>1,86,762</b>	<b>2,20,583</b>	<b>2,64,799</b>
<b>3. Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)</b>	<b>2,185</b>	<b>(1,576)</b>	<b>4,694</b>	<b>(2,275)</b>	<b>15,407</b>	<b>13,473</b>
4. Other income	8,556	1,438	2,474	13,434	11,648	11,659
<b>5. Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>10,741</b>	<b>(138)</b>	<b>7,168</b>	<b>11,159</b>	<b>27,055</b>	<b>25,132</b>
6. Finance costs	7,598	7,829	7,084	30,406	26,831	27,348
<b>7. Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>3,143</b>	<b>(7,967)</b>	<b>84</b>	<b>(19,247)</b>	<b>224</b>	<b>(2,216)</b>
8. Exceptional items	-	-	-	-	-	-
<b>9. Profit/(Loss) from ordinary activities before tax (7-8)</b>	<b>3,143</b>	<b>(7,967)</b>	<b>84</b>	<b>(19,247)</b>	<b>224</b>	<b>(2,216)</b>
10. Tax expense	-	-	-	-	-	182
<b>11. Net Profit / (Loss) for the period (9-10)</b>	<b>3,143</b>	<b>(7,967)</b>	<b>84</b>	<b>(19,247)</b>	<b>224</b>	<b>(2,311)</b>
12. Share of Profit from integrated joint ventures	144	110	1	395	43	-
13. Minority interest	-	-	-	-	-	(1,221)
<b>14. Net Profit / (Loss) after taxes, minority interest and share of profit/ (loss) of integrated joint ventures (11+12-13)</b>	<b>3,287</b>	<b>(7,857)</b>	<b>85</b>	<b>(18,852)</b>	<b>267</b>	<b>(1,090)</b>
15. Paid-up equity share capital (Face Value of Shares is Rs. 10/- each )	12,116	12,116	11,212	12,116	11,212	11,212
16. Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	(9,031)	3,035	1,969
<b>17. Earnings per share (of Rs. 10/- each) ( not annualised):</b>						
(a) Basic	2.58	(6.63)	0.55	(16.65)	(0.85)	(2.34)
(b) Diluted	2.58	(6.63)	0.55	(16.65)	(0.85)	(2.34)
See accompanying note to the Financial Results						



**IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED**  
**STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2016**

(Rs. In Lakhs, unless otherwise stated)

S No	Particulars	Standalone as at		Consolidated as at	
		31-Mar-16 (Audited)	31-Mar-15 (Audited)	31-Mar-16 (Audited)	31-Mar-15 (Audited)
<b>A</b>	<b>Equity and liabilities</b>				
<b>1</b>	<b>Shareholders' Funds</b>				
	(a) Share capital	21,391	24,912	21,391	24,912
	(b) Reserves and surplus	(9,031)	3,035	(23,952)	1,969
	<b>Sub-total - Shareholders' funds</b>	<b>12,360</b>	<b>27,947</b>	<b>(2,561)</b>	<b>26,881</b>
<b>2</b>	<b>Minority Interest*</b>			(9,416)	1,830
<b>3</b>	<b>Non current liabilities</b>				
	(a) Long term borrowings	1,38,863	1,47,176	1,38,863	1,47,176
	(b) Deferred tax liabilities (net)	-	-	-	-
	(c) Other long term liabilities	41,307	40,398	44,867	43,504
	(d) Long term provisions	1,641	484	1,641	484
	<b>Sub-total - Non current liabilities</b>	<b>1,81,811</b>	<b>1,88,058</b>	<b>1,85,371</b>	<b>1,91,164</b>
<b>4</b>	<b>Current liabilities</b>				
	(a) Short term borrowings	47,038	35,128	59,419	41,786
	(h) Trade payables	73,880	90,509	1,07,883	1,08,763
	(c) Other current liabilities	51,992	53,196	58,746	59,806
	(d) Short term provisions	4,949	3,143	5,078	3,186
	<b>Sub-total - Current liabilities</b>	<b>1,77,859</b>	<b>1,81,976</b>	<b>2,26,126</b>	<b>2,13,041</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>3,72,030</b>	<b>3,97,981</b>	<b>3,99,520</b>	<b>4,32,916</b>
<b>B</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non - current assets</b>				
	(a) Fixed Assets	19,668	16,920	20,602	18,733
	(b) Non - current investments	32,654	32,592	28,417	28,417
	(c) Deferred tax assets (net)	-	-	2	1
	(d) Long term loans and advances	66,937	85,984	68,411	87,422
	(e) Other non - current assets	88,037	58,005	89,905	68,095
	<b>Sub-total - Non - current assets</b>	<b>2,07,296</b>	<b>1,93,501</b>	<b>2,07,337</b>	<b>2,02,668</b>
<b>2</b>	<b>Current assets</b>				
	(a) Inventories	83,021	96,520	87,296	1,10,710
	(b) Trade receivables	44,977	70,295	59,438	78,831
	(c) Cash and cash equivalents	2,098	3,744	2,166	4,010
	(d) Short - term loans and advances	27,787	27,989	36,430	30,765
	(e) Other current assets	6,851	5,932	6,853	5,932
	<b>Sub-total - Current assets</b>	<b>1,64,734</b>	<b>2,04,480</b>	<b>1,92,183</b>	<b>2,30,248</b>
	<b>TOTAL - ASSETS</b>	<b>3,72,030</b>	<b>3,97,981</b>	<b>3,99,520</b>	<b>4,32,916</b>

\* Losses applicable to the minority as per the binding obligation.



**Notes to the financial results:**

- (1) The above financial results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective Meetings held on May 30, 2016. These financial results were audited by the Statutory Auditors of the Company
- (2) The Company's business activity falls within a single business segment i.e. Construction and Infrastructure development, in terms of Accounting Standard 17 on Segment Reporting
- (3) Employee Stock Options (ESOPs):

ESOP 2009:

- (i) 1,201,407 options granted under ESOP-2009 as Grant-I and the same were expired as at March 31, 2016. No Stock options were exercised during the year
  - (ii) Out of the 2,849,984 options granted under ESOP-2009 as Grant-II, 1,230,408 Options expired as at March 31, 2016. During the year, the Company has allotted 135,853 equity shares of Rs 10/- each at a price of Rs. 58.90 per share pursuant to exercise of Employee Stock Options
- (4) The Company has allotted 8,900,000 equity shares to Infrastructure Leasing & Financial Services Limited and IL&FS Financial Services Limited on preferential basis on September 08, 2015 at a price of Rs. 85.50 per share and has utilized the proceeds to redeem 3,750,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs 100 each and 675,000 6% Cumulative Redeemable Preference Shares of Rs 100 each at par on September 30, 2015 and balance towards meeting general corporate purpose. The Board had also resolved to raise an amount of Rs. 50,000 lakhs by way of issue of Securities on QIP/Rights issue/Convertible Instruments or in any combination thereof which is valid till August 2016. Board of Directors of the Company in its meeting held on May 30, 2016 has resolved, subject to statutory and other approvals, to issue preference shares amounting to Rs. 50,000 lakhs on preferential basis to meet general corporate requirements
  - (5) As at March 31, 2016, the Company has made investment of Rs. 3,319 lakhs in an overseas subsidiary. Based on the management certified financial statements of the aforesaid subsidiary as on March 31, 2016, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Management is in discussion with the other shareholder of the subsidiary on various options and is confident to restore the carrying value of the investment and therefore no provision is required for diminution in the value of such investment/potential obligations. Further, the Consolidated Financial Statements include aggregate assets of Rs. 23,423 lakhs and aggregate revenues of Rs. 19,762 lakhs of the aforesaid subsidiary, consolidated based on its unaudited financial statements. Management is of the view that adjustments, if any, that may have been required had the audited financial statements of the subsidiary been available would not be material. In respect of the aforesaid, the Statutory Auditors of the Company have qualified their Standalone and Consolidated Audit Report for the year ended March 31, 2016



- (6) In the earlier years, pursuant to the Debt Restructuring Programme, the Company had settled an irrevocable trust, namely, Maytas Investment Trust (Trust). The objective of the Trust was to dispose certain underlying investments held and settle the liability towards the Pass Through Certificate (PTC) holders, wherein the Company was also a contributory. As at March 31, 2016, the Investment of the Company includes Rs. 25,967 lakhs contributed towards these PTCs and has receivables, loans and advances and Investments aggregating to Rs. 19,673 lakhs which are dependent upon recovery of capacity charges and supplies/ availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc.

Based on internal assessment, legal advice and fair valuation carried out by external experts of underlying investments held by the Trust, management does not currently envisage any diminution in the value of aforesaid assets. In continuation to the previous year / quarter, the Statutory Auditors of the Company have drawn Emphasis of Matter in the Standalone and Consolidated Audit Reports for the year ended March 31, 2016

- (7) (i) In the previous year, consequent to an arbitration award, the Company had accrued proportionate revenue to the extent of percentage of completion in case of a road project amounting of Rs. 9,729 lakhs and accrued interest of Rs. 5,729 lakhs (including Rs. 2,439 lakhs recognized during the quarter/year). The customer had filed an appeal with the Honorable High Court of New Delhi against the said award and the hearings are on-going. The Company has filed a counter stating that the objections raised by the customer are beyond the scope of challenge allowable under law and the appeal is not legally tenable.
- (ii) During the quarter/year, the Company has accrued revenue of Rs. 8,551 lakhs and interest of Rs. 4,316 lakhs on account of compensation claimed by the Company for delays due to handing over of the land, drawings, etc. for project execution. The compensation is based on the provisions in the agreements, completion of arbitration proceedings and is supported by the Extension of Time recommended by the Independent Engineers. Hitherto, the same was accounted based on favourable arbitration award received by the Company and which has now been accrued based on expert opinion and internal assessment and the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection.

Since these claims are technical in nature and subject to judicial process, the Company has obtained legal opinion on the recoverability of such claims from independent counsel. The Company has been legally advised that the amounts are good of recovery. On the basis of expert opinion and internal assessment, the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection. Pending outcome of the judicial process, the above amounts are being carried as recoverable. In continuation to the previous year / quarter, the Statutory Auditors of the Company have drawn Emphasis of Matter in the Standalone and Consolidated Audit Reports for the year ended March 31, 2016

- (8) Prior to April 1, 2009 the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 34,378 lakhs and Rs. 36,236 lakhs at the standalone and consolidated financial statements level respectively. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 32,378 lakhs and Rs. 34,211 lakhs at standalone entity and consolidated level respectively, the then Satyam Computer Services Limited (SCSL) was the ultimate



beneficiary and for which a claim together with compensation receivable had been lodged by the Company. During the earlier years, SCSL had merged into Tech Mahindra Limited (TML) pursuant to a Scheme of Arrangement u/s.391-394 of the Companies Act, 1956. As provided in the Scheme and as per the Judgment of Hon'ble High Court of Andhra Pradesh on the said Scheme, the aforesaid amount in books of SCSL was transferred to TML. The Company, through its subsidiaries, preferred an Appeal before the Division Bench of Hon'ble High Court of A.P. against the single judge's Order approving the merger scheme of SCSL which is pending as on date. TML, in its Audited Financial Results for March 31, 2016 continued to disclose as "Amounts Pending Investigation Suspense Account (Net) Rs. 123,040 lakhs" as disclosed by SCSL earlier. Management is of the opinion that the claim made by the Company on SCSL is included in the aforesaid amount disclosed by TML in their Audited Financial Results. The Company is confident of recovering the said ICDs together with compensation due thereon from SCSL/TML.

Further, based on internal evaluation and/or expert advice, other developments, documentary evidences available with the Company and in view of the observations of the Special Court in its verdict dated April 9, 2015 on the criminal case filed by the Central Bureau of Investigation, confirming that an amount of Rs. 142,500 lakhs was transferred to SCSL through the intermediary companies, out of which an amount of Rs. 123,040 lakhs continues to subsist with SCSL, Management is of the opinion that the Company's case on the recoverability of the aforesaid amounts is ultimately certain. In continuation to the previous year / quarter, the Statutory Auditors of the Company have drawn Emphasis of Matter in the Standalone and Consolidated Audit Reports for the year ended March 31, 2016

- (9) Securities and Exchange Board of India (SEBI) had passed an order on September 10, 2015 ordering the Company to disgorge Rs. 5,917 lakhs with simple interest @ 12% p a from January 7, 2009 till the date of payment within a period of 45 days from the date of the order in the matter of alleged insider trading by the Company during the management of its erstwhile promoters. However, SEBI order has dropped the proposal to debar the Company from accessing the capital market. Aggrieved by the disgorgement order, the Company has filed an appeal before the Securities Appellate Tribunal (SAT) and obtained stay order against the operation of the order of SEBI. During the year, SEBI has filed an affidavit with SAT opposing the stay granted against the said order against which a rejoinder has been filed by the Company. Since the matter is sub-judice and based on internal assessment and legal opinion taken by the Company, management is confident that no adjustment is required to be made in the financial results of the Company
- (10) During the year, Maytas Infra for Construction WLL incorporated by Maytas Infra Saudi Arabia Company (Limited Liability Company) in Qatar, a subsidiary of the Company has been liquidated
- (11) The figures of the last quarter of standalone for the current year and previous year are the balancing figures between audited figures in respect of the full financial year up to March 31, 2016 and March 31, 2015 and the unaudited published year-to-date standalone figures up to December 31, 2015 and December 31, 2014 respectively, being the date of the end of the third quarter of the financial year which were subjected to limited review
- (12) These financial results will be made available on the Company's Website viz., [www.ilfsengg.com](http://www.ilfsengg.com) and websites of BSE Limited and National Stock Exchange of India Limited viz., [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively



(13) Previous year/period figures have been regrouped and/or rearranged wherever necessary

By Order of the Board

For IL&FS Engineering and Construction Company Limited

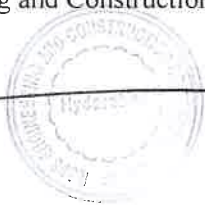
*M Khattar*

Murlidhar Khattar

Managing Director

Place: New Delhi

Date: May 30, 2016



## **Auditor's Report On Quarterly Standalone Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To**  
**Board of Directors of**  
**IL&FS Engineering and Construction Company Limited,**

1. We have audited the quarterly Standalone financial results of IL&FS Engineering and Construction Company Limited ('the Company') for the quarter ended March 31, 2016 and the Standalone financial results for the year ended March 31, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The quarterly Standalone financial results are the derived figures between the audited figures in respect of the year ended March 31, 2016 and the published year-to-date figures up to December 31, 2015, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The Standalone financial results for the quarter ended March 31, 2016 and year to date ended March 31, 2016 have been prepared on the basis of the Standalone financial results for the nine-month period ended December 31, 2015, the audited annual financial statements as at and for the year ended March 31, 2016, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these Standalone financial results based on our review of the Standalone financial results for the nine-month period ended December 31, 2015 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, specified under the Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2016; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. As more fully explained in Note 5 of the accompanying statement, as at March 31, 2016, the Company has investment amounting to Rs. 3,319 lakhs made in an overseas subsidiary. Based on the unaudited financial statements of the aforesaid subsidiary as on March 31, 2016, the net worth of the subsidiary is fully eroded and the Company may have potential obligation to share further liabilities of the said subsidiary, which is presently under negotiation and hence undeterminable. Based on the reasons fully explained in the aforesaid note, the management is of the view that no provision is required for diminution in the value of such investment/potential obligation, as the Company is evaluating options to restore the carrying value of the investment. However, in the absence of sufficient and appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and other consequential impacts, if any, that may be required in this regard in these accompanying standalone financial results.





# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

4. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects, if any, on account of the matter described in paragraph 3 above, these quarterly Standalone financial results as well as the year to date results:
- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
  - ii. give a true and fair view of the net profit and other financial information for the quarter ended March 31, 2016 and net loss and other financial information for the year ended March 31, 2016.
5. We draw attention to:
- a) Note 6 of the accompanying statement regarding Rs. 25,967 lakhs investment of the Company in Pass Through Certificates ("PTC") issued by the Maytas Investment Trust ("the Trust") and receivables, loans and advances and investments aggregating to Rs. 19,673 lakhs which are dependent upon recovery of capacity charges and supplies/ availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc. Based on internal assessment, legal advice and fair valuation, management does not currently envisage any diminution in the carrying value of aforesaid assets.
  - b) Note 7 of the accompanying statement regarding amount due from customer (project work-in-progress). Based on an Arbitration award, the Company had recognised claims in case of a road project of which balance as at March 31, 2016 amounts to Rs. 9,729 lakhs and interest of Rs. 5,729 lakhs (including interest of Rs. 2,439 lakhs recognized during the quarter/ year) against which the customer had filed an appeal with Honorable High Court of New Delhi.  
  
Also, in the case of another road project, during the quarter/ year, the Company has recognised claims amounting to Rs. 8,551 lakhs and interest of Rs. 4,316 lakhs for delays due to handing over of the land, drawings, etc. for project execution which is based on the provisions in the agreements, completion of arbitration proceedings and is supported by the Extension of Time recommended by the Independent Engineers. Hitherto, the same was accounted based on favourable arbitration award received by the Company and which has now been accrued based on expert opinion and internal assessment and the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection.
  - c) Note 8 of the accompanying statement regarding Inter Corporate Deposits (ICDs) amounting to Rs. 34,378 lakhs which is under litigation. Based on internal evaluation, other developments and expert advice, management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.



# **S.R. BATLIBOI & ASSOCIATES LLP**

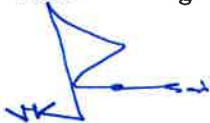
Chartered Accountants

The ultimate outcome of the above matters cannot presently be determined, pending approvals, acceptances, legal interpretations and resolution of uncertainty around availability of gas, achievement of traffic projections, favourable settlement of claims and ultimate realisation etc., as referred to in the relevant notes to the accompanying statement referred above, accordingly no adjustment has been made in the carrying value of the aforesaid assets. Our opinion is not qualified in respect of the aforementioned matters.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

**ICAI Firm Registration Number: 101049W/E300004**



**per Vikas Kumar Pansari**

Partner

Membership No : 093649



Place: New Delhi

Date: May 30, 2016

## **Auditor's Report On Consolidated Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To**  
**Board of Directors of**  
**IL&FS Engineering and Construction Company Limited,**

1. We have audited the consolidated financial results of IL&FS Engineering and Construction Company Limited ('the Company'), comprising its subsidiaries (together, 'the Group'), its associate and joint controlled entities, for the year ended March 31, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The consolidated financial results for the year ended March 31, 2016 have been prepared on the basis of the audited annual consolidated financial statements as at and for the year ended March 31, 2016 and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the annual consolidated financial statements as at and for the year ended March 31, 2016 which were prepared in accordance with the applicable accounting standards and other accounting principles generally accepted in India and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. As detailed in Note 5, the accompanying statement includes aggregate assets of Rs. 23,423 lakhs and aggregate revenues of Rs. 19,762 lakhs of an overseas subsidiary, consolidated based on its unaudited financial statements. The accompanying Consolidated Financial Statements do not include adjustments, if any, that may have been required had the audited financial statements of the subsidiary for the year ended March 31, 2016 been available and accordingly we are unable to comment on the same.
4. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects, if any, on account of the matter described in paragraph 3 above, these consolidated financial results for the year:
  - a. include the year-to-date results of the following entities (list of entities included in consolidation are stated in Annexure);
  - b. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in this regard; and
  - c. give a true and fair view of the consolidated net loss and other financial information for the consolidated year to date results for the year ended March 31, 2016.



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5. We draw attention to:

- a. Note 6 of the accompanying statement regarding Rs. 25,967 lakhs investment of the Company in Pass Through Certificates (“PTC”) issued by the Maytas Investment Trust (“the Trust”) and receivables, loans and advances and investments aggregating to Rs. 19,673 lakhs which are dependent upon recovery of capacity charges and supplies/availability of natural gas to a gas based power generating plant, increase in traffic on road investments, final award of the claim and positive outcome of the litigations in the investee companies, etc. Based on internal assessment, legal advice and fair valuation, management does not currently envisage any diminution in the carrying value of aforesaid assets.
- b. Note 7 of the accompanying statement regarding amount due from customer (project work-in-progress). Based on an Arbitration award, the Company had recognised claims in case of a road project of which balance as at March 31, 2016 amounts to Rs. 9,729 lakhs and interest of Rs. 5,729 lakhs (including interest of Rs. 2,439 lakhs recognized during the quarter/ year) against which the customer had filed an appeal with Honorable High Court of New Delhi.

Also, in the case of another road project, during the quarter/ year, the Company has recognised claims amounting to Rs. 8,551 lakhs and interest of Rs. 4,316 lakhs for delays due to handing over of the land, drawings, etc. for project execution which is based on the provisions in the agreements, completion of arbitration proceedings and is supported by the Extension of Time recommended by the Independent Engineers. Hitherto, the same was accounted based on favourable arbitration award received by the Company, which has now been accrued based on expert opinion and internal assessment, the management is of the view that the claims are tenable and there exist no uncertainty as to ultimate collection.

- c. Note 8 of the accompanying statement regarding Inter Corporate Deposits (ICDs) amounting to Rs. 36,236 lakhs which is under litigation. Based on internal evaluation, other developments and expert advice, management is of the opinion that the Company has the ability to ultimately recover the aforesaid ICDs.

The ultimate outcome of the above matters cannot presently be determined, pending approvals, acceptances, legal interpretations and resolution of uncertainty around availability of gas, achievement of traffic projections, favourable settlement of claims and ultimate realisation etc., as referred to in the relevant notes to the accompanying consolidated financial results referred above, accordingly no adjustment has been made in the carrying value of the aforesaid assets. Our opinion is not qualified in respect of the aforementioned matters.



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6. We did not audit revenues of Rs. 9,586 lakhs for the year ended March 31, 2016 and assets of Rs. 16,690 lakhs as at March 31, 2016, relating to 6 subsidiaries and 6 jointly controlled entities included in the accompanying consolidated financial results for the year ended March 31, 2016. The financial statements and other financial information of the above subsidiaries and jointly controlled entities have been audited by other auditors whose reports have been furnished to us, and our opinion on the year to date results is based solely on the report of such other auditors.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

**ICAI Firm Registration Number: 101049W/E300004**

**per Vikas Kumar Pansari**

Partner

Membership No.: 093649



New Delhi

May 30, 2016

# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

**ANNEXURE TO INDEPENDENT AUDITOR'S REPORT**  
**(Referred to in paragraph 4(a) to our Auditor's Report)**  
**Re: IL&FS Engineering and Construction Company Limited**

S. No.	Name of Entities	Relationship
1	Maytas Infra Assets Limited (MIAL)	Subsidiary
2	Maytas Vashista Varadhi Limited	Subsidiary
3	Maytas Metro Limited	Subsidiary
4	Angeerasa Greenfields Private Limited	Subsidiary
5	Saptaswara Agro - Farms Private Limited	Subsidiary
6	Ekadanta Greenfields Private Limited	Subsidiary
7	Maytas Infra Saudi Arabia Company (Limited liability Company) (MISA)	Subsidiary
8	NCC-Maytas (JV)	Joint Ventures (AOPs)
9	NEC-NCC-Maytas(JV)	Joint Ventures (AOPs)
10	Maytas-NCC (JV)	Joint Ventures (AOPs)
11	NCC-Maytas (JV) (Singapore Class Township)	Joint Ventures (AOPs)
12	Maytas-CTR (JV)	Joint Ventures (AOPs)
13	NCC-Maytas-ZVS (JV)	Joint Ventures (AOPs)

