

## Registered Office

D.No. 8-2-120/113/3  
4th Floor, Sanali Info Park  
Road No 2, Banjara Hills  
Hyderabad - 500033, A.P.T +91 40 40409333  
F +91 40 40409444  
E info@ilfsengg.com  
W www.ilfsengg.com

September 7, 2017

To

The General Manager  
BSE Limited  
P.J.Towers, Dalal Street,  
Mumbai- 400 001The Manager  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor,  
Bandra Kurla Complex,  
Bandra (East), Mumbai-400 051

Scrip Code: 532907

Scrip Code: IL&amp;FSENGG

Sub: Annual Report of the Company for FY 2017  
Ref: Regulation 34 of the SEBI (Listing Obligations and Listing Requirements)  
Regulations, 2015 (Listing Regulations)

Dear Sir/ Madam,

With reference to the captioned subject, please find enclosed Annual Report of the Company for FY 2017 which was duly approved and adopted at the 28<sup>th</sup> Annual General Meeting of the Members of the Company held on Monday, August 28, 2017

This is for your information and records please

Thanking you,

Yours faithfully,  
For IL&FS Engineering and Construction Company LimitedSushil Dudeja  
Company Secretary

Encl: as above



Partner in  
Nation Building



Phulpur-Haldia Pipeline Project Lowering at Chainage 313, Bihar



Mangalore Port to Mangalore-Padur Pipeline Laying Project, Karnataka



Bangalore Metro Rail Project, Bengaluru, Karnataka



Bangalore Metro Rail Project, Bengaluru, Karnataka



Mahindra Ashvitha Residential Project, Hyderabad, Telangana



Lingala Canal Project, Kadapa District, Andhra Pradesh

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## Bankers

|                      |                      |
|----------------------|----------------------|
| Allahabad Bank       | Bank of India        |
| Bank of Maharashtra  | ICICI Bank Limited   |
| IDBI Bank Limited    | Indian Overseas Bank |
| Punjab National Bank | State Bank of India  |
| Vijaya Bank          |                      |

## Registrar & Share Transfer Agent :

### Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot no.31 & 32  
Financial District, Nanakramguda,  
Serilingampally Mandal, Hyderabad – 500 032  
Telephone No. 040 – 67161500  
Fax No. 040 – 23420814  
Email : einward.ris@karvy.com

## Board of Directors :

(As on May 29, 2017)

**Mr Karunakaran Ramchand**  
(Chairman)

**Mr Mukund Sapre**  
(Managing Director)

**Mr Saleh Mohammed A Binladen**

**Mr Akberali Mohemedali Moawalla**  
(Alternate Director to Mr Binladen)

**Mr Debabrata Sarkar**

**Mr Ganapathi Ramachandran**

**Ms Sutapa Banerjee**

**Mr Bhaskar Chatterjee**

### Chief Financial Officer

Dr Sambhu Nath Mukherjee

### Company Secretary

Mr Sushil Dudeja

## Auditors :

### S. R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004  
Oval Office 18,  
I labs Centre, Hitech City,  
Madhapur,  
Hyderabad - 500 081

## Registered Office :

CIN: L45201AP1988PLC008624

Door No.8-2-120/113/3/4F, Sanali Info Park,  
Cyber Towers, Road No.2, Banjara Hills,  
Hyderabad - 500 033  
Tel : +91 40 40409333, Fax : +91 40 40409444  
Website : www.ilfsengg.com  
Email : cs@ilfsengg.com

# NOTICE

**NOTICE** is hereby given that **Twenty-Eighth Annual General Meeting of the Members of IL&FS Engineering and Construction Company Limited** will be held on Monday, August 28, 2017 at 2:30 p.m. at KLN Prasad Auditorium, 3rd Floor, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following business:

## ORDINARY BUSINESS :

- (1) To consider and adopt:
  - (a) the audited Standalone Financial Statements of the Company for the Financial Year Ended March 31, 2017, the reports of the Board of Directors and Auditors' thereon; and
  - (b) the audited Consolidated Financial Statements of the Company for the Financial Year Ended March 31, 2017 and report of Auditors' thereon
- (2) To appoint a Director in place of Mr Saleh Mohammed A Binladen (DIN:03604752), who retires by rotation and being eligible, offers himself, for re- appointment
- (3) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution** :

### Appointment of Joint Statutory Auditors of the Company :

**"RESOLVED THAT** pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit Committee and Board of Directors, BSR & Associates LLP, Chartered Accountants (Firm Registration Number 116231W/W-100024) and M Bhaskara Rao & Co, Chartered Accountants (Firm Registration Number 000459S), be and are hereby appointed as Joint Statutory Auditors of the Company in place of the retiring Auditors S R Batliboi & Associates LLP, Chartered Accountants (Firm registration No. 101049W/E300004), who shall hold office from the conclusion of this 28th Annual General Meeting for a term of five consecutive years till the conclusion of 33rd Annual General Meeting, subject to ratification of appointment by the Members at every Annual General Meeting held after this Annual General Meeting and the Board of Directors of the Company be and is hereby authorised to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of Financial Statements of the Company"

## SPECIAL BUSINESS :

- (4) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

### Remuneration to Cost Auditors :

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 or any statutory modification or re-enactment thereof, Narasimha Murthy & Co, Cost Accountants (Firm Registration No. 000042), appointed as Cost Auditors by the Board of Directors of the Company to conduct audit of the Cost Records of the Company for the financial year ending March 31, 2018, be paid a remuneration of Rs 6,00,000/- (Rupees Six Lakhs only)

(excluding applicable taxes) in addition to reimbursement of out of pocket expenses and conveyance as may be incurred in the course of Audit"

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary for the purpose of giving effect to this resolution"

- (5) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

### Appointment of Mr Ganapathi Ramachandran (DIN 00210430) as a Non-Executive Independent Director of the Company :

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Mr Ganapathi Ramachandran (DIN 00210430), who was appointed as an Additional (Non-Executive Independent) Director of the Company by the Board of Directors at its Meeting held on October 6, 2016 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Act proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Listing Regulations, be and is hereby appointed as a Non-Executive Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from October 6, 2016"

- (6) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

### Appointment of Ms Sutapa Banerjee (DIN 02844650) as a Non-Executive Independent Director of the Company :

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder read with Schedule IV of the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Ms Sutapa Banerjee (DIN 02844650), who was appointed as an Additional (Non-Executive Independent) Director of the Company by the Board of Directors at its Meeting held on October 6, 2016 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Act proposing her candidature for the office

of Director and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and Listing Regulations, be and is hereby appointed as a Non-Executive Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from October 6, 2016"

- (7) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution** :

**Appointment of Mr Bhaskar Chatterjee (DIN 01433538) as a Non-Executive Independent Director of the Company :**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder read with Schedule IV of the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Mr Bhaskar Chatterjee (DIN 01433538), who was appointed as an Additional (Non-Executive Independent) Director of the Company by the Board of Directors at its Meeting held on November 2, 2016 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Act proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Listing Regulations, be and is hereby appointed as a Non-Executive Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from November 2, 2016"

- (8) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution** :

**Appointment of Mr Mukund Sapre (DIN 00051841) as a Director of the Company :**

"RESOLVED THAT Mr Mukund Sapre (DIN: 00051841) who was appointed as an Additional Director of the Company w.e.f October 7, 2016 pursuant to Section 161 (1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice has been received in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company"

- (9) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution** :

**Appointment of Mr Mukund Sapre (DIN 00051841) as Managing Director of the Company :**

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), consent of the Members of the Company be and is hereby accorded for

the appointment of Mr Mukund Sapre (DIN 00051841) as Managing Director of the Company for a period of 5 (five) years with effect from October 7, 2016 on the terms and conditions as set out hereunder:

- (i) His appointment shall be for a period of 5 years from October 7, 2016 to October 6, 2021;
- (ii) He shall not be liable to retire by rotation;
- (iii) He will not draw any salary from the Company as Managing Director, however, he shall be entitled to receive sitting fees being paid for attending the meetings of Board of Directors or Committees thereof"

"RESOLVED FURTHER THAT the Board of Directors, which term shall be deemed to include the Nomination and Remuneration Committee of the Board, be and is hereby authorized to vary the terms and conditions of the appointment and/or the remuneration as it may deem fit, subject to the same not exceeding limits under Schedule V to the Companies Act, 2013 or any statutory modifications or re-enactments thereof, and take such steps and do all such acts as may be necessary or expedient to give effect to this resolution"

- (10) To consider, and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution** :

**Issuance of Non Convertible Debentures for an amount upto Rs 3000 million:**

"RESOLVED THAT pursuant to the provisions of Sections 42 and 71 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Foreign Exchange Management Act, 1999, the relevant regulations/guidelines issued by the Reserve Bank of India including any statutory modification, amendment, substitution or re-enactment thereof for the time being in force and subject to other applicable statutes, rules, regulations, guidelines, notifications and circulars and the Memorandum and Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded to the Board of Directors including any Committee thereof of the Company ("Board") to issue, offer, invite for subscription and to allot secured/unsecured, listed and/or unlisted redeemable non-convertible debentures ("NCDs") to eligible investors whether residents, non-residents (including foreign portfolio investors), institutions, banks, incorporated bodies, mutual funds, venture capital funds, financial institutions, individuals, trustees or otherwise and whether or not such investors are Members of the Company, on private placement basis, in one or more series / tranches, during a period of one year from the date of passing of this resolution, upto an amount of Rs 3,000 million (Rupees Three Thousand Million only)"

"RESOLVED FURTHER THAT the Board be and is hereby authorised to determine the terms of issue of NCDs including but not limited to determining size, issue price, timing, tenure, interest rate of NCDs, listing of NCDs, if required, creation of security, appointment of debenture trustee(s) and other agency(ies) and to do all necessary acts and things and to finalise, settle and

execute all deeds, documents, instruments and writings as may be required and to settle all questions, difficulties or doubts that may arise in this regard, as the Board may, in its sole and absolute discretion deem fit"

- (11) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution** :

**Omnibus approval for Material Related Party Transactions :**

**"RESOLVED THAT** pursuant to the provisions of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules issued thereunder and any other applicable statutory provisions, (including any statutory modifications or re-enactment thereof for the time being in force), consent of the Members of the Company be and is hereby accorded to the Audit Committee and / or to the Board of Directors as the case may be to exercise the power in accordance with the applicable laws to approve, enter into, execute and implement transactions/ contracts/ arrangements of an aggregate value not exceeding Rs 20,000 million per annum of the nature specified below with each related party, either existing on date of this notice (as mentioned in the Explanatory Statement) and/or with any other entity (which may come into existence in the future) that may be regarded as a "Related Party" as defined under the Companies Act, 2013 and/or the Listing regulations"

**"RESOLVED FURTHER THAT** the transactions/ contracts/ arrangements mentioned below may be entered by the Company with related parties as mentioned in the Explanatory Statement and/or as defined under the Companies Act, 2013 and Listing Regulations from time to time, whether in existence or which may come into existence in future

**Nature, material terms and particulars of the transactions/ contracts/ arrangements to be entered into with related parties by the Company**

- (1) Memorandum/Agreements in connection with forming of consortium/ Joint Venture for submission of bids to various authorities defining the roles, responsibilities, commercial terms, providing guarantees/undertakings and all matters incidental thereto

Formation of a consortium for bidding for tenders may be necessary in order to pool expertise required for qualifying as a bidder

The material terms/covenants of MOU's may include all or any of the following aspects depending upon the facts and circumstances of each tender/project which cannot be ascertained presently:

- (a) proportion of cost-sharing;
- (b) providing bid and performance guarantees/ terms of payment of earnest money and deposit to the concession/award granting authority / agency;
- (c) terms relating to pooling of resources and sharing of obligations between the members of the consortium;
- (d) bidding strategy and other terms etc

- (2) The Company may enter into contracts for providing / availing services for execution of various projects from time to time
- (3) Investment by way of subscription towards equity capital and/or securities of the Special Purpose Vehicles ("SPV"), that are related parties, (which may be subsidiaries, joint ventures or associate companies) incorporated/to be incorporated from time to time
- (4) Lending to SPVs that are related parties, (which may be subsidiaries, joint ventures or associate companies) and other related parties incorporated/ to be incorporated for undertaking development of projects and for meeting the short term/long term funds/guarantee requirements and working capital requirements from time to time or for any other activities pertaining to the business of the Company  
The lending to such SPVs and / or one or more related parties shall be made at appropriate rates based on market conditions
- (5) Borrowing by way of secured / unsecured loans from related parties for meeting the short term/ long term fund requirements from time to time (through issuance of instruments or otherwise) at rates based on market conditions
- (6) Disinvestment of shares or securities to related parties, the Company may disinvest its shareholding in one or more SPVs. The exit price of the securities at the time of disinvestment shall be determined in terms of an appropriate valuation report
- (7) Sale/ purchase of Assets to /from the related party time to time. The sale / purchase transaction will be executed on fair value of the assets"

**"RESOLVED FURTHER THAT** the Audit Committee and / or the Board of Directors be and are hereby severally authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto"

- (12) To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution** :

**Material Related Party Transaction with Infrastructure Leasing & Financial Services Limited, Promoter of the Company for obtaining letter of comfort / awareness, undertaking, indemnity, guarantee, etc for the purpose of borrowing by the Company :**

**"RESOLVED THAT** pursuant to the provisions of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules issued thereunder and any other applicable statutory provisions, (including any statutory modifications or re-enactment thereof for the time being in force), consent of the Members of the Company be and is hereby accorded for entering into material related party transaction with Infrastructure Leasing and Financial Services Limited (IL&FS), Promoter of the Company for obtaining letter of comfort / awareness, undertaking, indemnity, guarantee or such other document from IL&FS in favour of the investor(s) / lender(s) (Existing as well as prospective), for the

purpose of borrowing by the Company by way of Non-Convertible Debentures/ Term Loan/ Working Capital facilities amounting upto Rs 3,500 million from time to time"

**"RESOLVED FURTHER THAT** the Audit Committee and / or the Board of Directors be and are hereby severally authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

By order of the Board

For IL&FS Engineering and Construction Company Limited

Sd/-

**Sushil Dudeja**

Place: Mumbai

Company Secretary

Date: May 29, 2017

(Membership No. A19265)

#### NOTES:

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ATTACHED**
- (2) **A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER**
- (3) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto and forms part of the Notice
- (4) Members / Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the Meeting
- (5) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the Meeting
- (6) Documents referred to in the accompanying Notice and Explanatory Statement are available for inspection at the Registered Office of the Company during office hours between 9:00 a.m. to 5:00 p.m. on all working days prior to the date of the Annual General Meeting (AGM)
- (7) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 22, 2017 to Monday, August 28, 2017 (both days inclusive) for the AGM
- (8) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the Company i.e. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 in respect of their physical share folios, if any
- (9) Members are requested to bring their copies of Annual Report to the AGM
- (10) Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting
- (11) The Notice of the AGM along with the Annual Report is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member had requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode
- (12) Members may also note that the Notice of 28th AGM and the Annual Report for FY 2017 will also be available on the Company's website at [www.ilfsengg.com](http://www.ilfsengg.com) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the Members may also send requests to the Company's investor email id: [cs@ilfsengg.com](mailto:cs@ilfsengg.com)
- (13) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote
- (14) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Karvy
- (15) Members who have not registered their e-mail addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically
- (16) In terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Section 160 of the Companies Act, 2013 and Secretarial Standard 2 on General Meetings, details of Directors seeking appointment/ re-appointment at 28th AGM of the Company to be held on Monday, August 28, 2017 are provided in Annexure 1 of this Notice
- (17) A Route map showing directions to reach the venue of 28th AGM is given at the end of this Notice as per the requirement of the Secretarial Standard-2 on General Meetings
- (18) **Procedure of E-Voting :**
  - (a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies

(Management and Administration) Rules, 2014, as amended from time to time and Listing Regulations, your Company is pleased to provide Members, facility to exercise their right to vote at 28th AGM by electronic means and the business may be transacted through Remote e-Voting Services provided by Karvy Computershare Private Limited

(b) Mr Y Ravi Prasada Reddy (having CP number 5360), Practising Company Secretary, proprietor of RPR & Associates, Company Secretaries, who has consented to act as the Scrutinizer of the Company, has been appointed by the Board of Directors of the Company as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner

(c) The procedure and instructions for E-voting are as follows:

- i. To use the following URL for e-voting:  
<http://evoting.karvy.com>
- ii. Members of the Company holding shares either in physical form or in dematerialized form may cast their vote electronically
- iii. Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID
- iv. After entering the details appropriately, click on LOGIN
- v. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
- vi. You need to login again with the new credentials
- vii. On successful login, the system will prompt you to select the EVENT i.e., IL&FS Engineering and Construction Company Limited
- viii. On the voting page, enter the number of shares as on the cut-off date i.e. Monday, August 21, 2017 under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN
- ix. Members holding multiple folios / demat account shall choose the voting process separately for each folios / demat account
- x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the resolution
- xi. Once the vote on the resolution is cast by the

Member, he/she shall not be allowed to change it subsequently

- xii. The Portal will be open for voting from 9.00 a.m. on Thursday, August 24, 2017 to 5.00 p.m. on Sunday, August 27, 2017
- xiii. The Members who have cast their vote by remote e-voting prior to the AGM may attend the Meeting but shall not be entitled to cast their vote again
- xiv. Persons who have acquired shares and became Members of the Company after the dispatch of Annual Report but before the cut-off date of August 21, 2017, may obtain their user id and password for e-voting from the Company's Registrar Karvy Computershare Pvt. Ltd.
- xv. In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting User Manual for Members available at the download section of <http://evoting.karvy.com> or contact Toll Free No. 18003454001

(d) The Results of the e-voting will be declared not later than 48 hours of conclusion of the AGM. The declared Results along with the Scrutinizer's Report will be available on the Company's website at [www.ilfsengg.com](http://www.ilfsengg.com) and on the website of Karvy Computershare Private Limited and will also be forwarded to the Stock Exchanges

## EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 3:

In terms of the provisions of Section 139 of the Companies Act, 2013 (the Act), S R Batliboi & Associates LLP, Chartered Accountants were appointed as Statutory Auditors at 25th Annual General Meeting (AGM) held on August 8, 2014 to hold office from the conclusion of that AGM until the conclusion of AGM to be held for the Financial Year ending on March 31, 2017

In terms of their appointment, they are holding office of the Statutory Auditors up to the conclusion of 28th AGM and hence, would retire at the conclusion of the forthcoming AGM

Accordingly, it is proposed to appoint BSR & Associates LLP, Chartered Accountants (Firm Registration Number 116231W/W-100024) and M Bhaskara Rao & Co, Chartered Accountants (Firm Registration Number 000459S) as Joint Statutory Auditors for a period of 5 years, commencing from the conclusion of 28th AGM till the conclusion of 33rd AGM, subject to ratification by Members at every AGM held after this AGM, as may be applicable

BSR & Associates LLP, Chartered Accountants and M Bhaskara Rao & Co, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014

The Board recommends the resolution set forth in Item No 3 of the notice for approval of the Members of the Company

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 3 of the notice

### Item No. 4 :

The Board of Directors, on the recommendation of the Audit Committee, approved the appointment as well as the remuneration of Narasimha Murthy & Co, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending on March 31, 2018 on a remuneration of Rs 6,00,000/- (Rupees Six Lakh only) (excluding applicable taxes) plus reimbursement of out of pocket expenses and other expenses as may be incurred in the course of audit

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration as mentioned above, payable to the Cost Auditors is required to be ratified by the Members of the Company

The Board recommends the resolution set forth in Item No 4 of the notice for approval of the Members of the Company

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 4 of the notice

### Item No 5 :

Mr Ganapathi Ramachandran (DIN 00210430) was appointed as an Additional (Non-Executive Independent) Director of the Company with effect from October 6, 2016 by the Board of Directors at its Meeting held on October 6, 2016. In terms of Section 161(1) of the Companies Act, 2013 (the Act),

Mr Ramachandran holds office upto the date of this Annual General Meeting and is eligible for appointment as a Director of the Company

The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director. Mr Ramachandran has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

Pursuant to Section 152 of the Act, Mr Ramachandran has given his consent for appointment as a Director of the Company and also furnished a declaration under Section 164 of the Act that he is not disqualified to become a Director

In the opinion of the Board of Directors, Mr Ramachandran, Non-Executive Independent Director satisfies the conditions of appointment as Independent Director as specified in the Act read with Rules made thereunder and that he is independent of the Management. The terms and conditions of appointment of Mr Ramachandran is available for inspection at the Registered Office of the Company during business hours

Accordingly, the Board recommends passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice for appointment of Mr Ramachandran as a Non-Executive Independent Director, not liable to retire by rotation. A statement containing his profile and other details as required under Regulation 36 (3) of Listing Regulations is given in Annexure 1

Except Mr Ramachandran, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 5

### Item No. 6:

Ms Sutapa Banerjee (DIN 02844650) was appointed as an Additional (Non-Executive Independent) Director of the Company with effect from October 6, 2016 by the Board of Directors at its Meeting held on October 6, 2016. In terms of Section 161(1) of the Companies Act, 2013 (the Act), Ms Banerjee holds office upto the date of this Annual General Meeting and is eligible for appointment as a Director of the Company

The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing her candidature for the office of Director. Ms Banerjee has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

Pursuant to Section 152 of the Act, Ms Banerjee has given her consent for appointment as a Director of the Company and also furnished a declaration under Section 164 of the Act that she is not disqualified to become a Director

In the opinion of the Board of Directors, Ms Banerjee, Non-Executive Independent Director satisfies the conditions of appointment as Independent Director as specified in the Act read with Rules made thereunder and that she is independent of the Management. The terms and conditions of appointment of Ms Banerjee is available for inspection at the Registered Office of the Company during business hours

Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item No 6 of the Notice for appointment of Ms Banerjee as a Non-Executive Independent Director, not liable to retire by rotation. A statement containing

her profile and other details as required under Regulation 36 (3) of Listing Regulations is given in Annexure 1

Except Ms Banerjee, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 6

#### **Item No. 7:**

Mr Bhaskar Chatterjee (DIN 01433538) was appointed as an Additional (Non-Executive Independent) Director of the Company with effect from November 2, 2016 by the Board of Directors at its Meeting held on November 2, 2016. In terms of Section 161(1) of the Companies Act, 2013 (the Act), Mr Chatterjee holds office upto the date of this Annual General Meeting and is eligible for appointment as a Director of the Company

The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director. Mr Chatterjee has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

Pursuant to Section 152 of the Act, Mr Chatterjee has given his consent for appointment as a Director of the Company and also furnished a declaration under Section 164 of the Act that he is not disqualified to become a Director

In the opinion of the Board of Directors, Mr Chatterjee, Non-Executive Independent Director satisfies the conditions of appointment as Independent Director as specified in the Act read with Rules made thereunder and that he is independent of the Management. The terms and conditions of appointment of Mr Chatterjee is available for inspection at the Registered Office of the Company during business hours

Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item No. 7 of the Notice for appointment of Mr Chatterjee as a Non-Executive Independent Director, not liable to retire by rotation. A statement containing his profile and other details as required under Regulation 36 (3) of Listing Regulations is given in Annexure 1

Except Mr Chatterjee, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No 7

#### **Item Nos 8 & 9 :**

In terms of the provisions of Section 196 of the Companies Act, 2013 (the Act), the Company is required to appoint Managing Director of the Company

Mr Murlidhar Khattar resigned from the position of Managing Director as well as Directorship of the Company w.e.f October 6, 2016. The Board of Directors of the Company appointed Mr Mukund Sapre as an Additional Director of the Company w.e.f October 7, 2016. In terms of Section 161(1) of the Companies Act, 2013 (the Act), Mr Sapre holds office upto the date of this Annual General Meeting but is eligible for appointment as a Director

The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director.

Further, to comply with the provisions of Section 196 of the Act, the Board of Directors of the Company, subject to the approval of the Members of the Company, also appointed Mr Mukund Sapre as Managing Director of the Company w.e.f October 7, 2016. The terms and conditions of appointment of Mr Sapre as

Managing Director of the Company is given in the resolution set out at Item No. 9

Pursuant to Section 152 of the Act, Mr Sapre has given his consent for appointment as a Director as well as Managing Director of the Company and also furnished a declaration under Section 164 of the Act that he is not disqualified to become a Director/ Managing Director of the Company

Accordingly, the Board recommends the passing of the Ordinary Resolutions as set out in the Item Nos 8 & 9 of the Notice for appointment of Mr Sapre as Director as well as Managing Director of the Company. A statement containing his profile under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in Annexure 1

Except Mr Sapre, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolutions set out at Item Nos 8 & 9

#### **Item No. 10 :**

In order to infuse funds for ongoing Engineering Procurement and Construction business and for general corporate purposes, the Company proposes to offer, issue and allot secured/unsecured listed and/or unlisted redeemable non-convertible debentures ("NCDs") upto an amount of Rs 3,000 million in such manner and on such terms and conditions as may be deemed appropriate by the Board. The Board in its Meeting held on May 29, 2017, subject to the approval of the Members, considered and approved issuance of NCDs upto Rs 3,000 million on private placement basis

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, provides that a company offering or making an invitation to subscribe NCDs on private placement basis shall obtain prior approval of the Members by way of a special resolution. The special resolution shall be valid for a period of one year from the date of passing of the resolution at Item No. 10 of this Notice, for all the offers or invitations for such NCDs made during the year

The Company may offer or invite subscription for NCDs, in one or more series / tranches on private placement basis to persons who may or may not be Members of the Company. NCDs may be secured by mortgage / charge on the assets of the Company and may be listed on one or more stock exchanges

The proposed borrowings along with the existing borrowings of the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) would not exceed the borrowing limit of Rs 50,000 million approved by the Members under Section 180(1)(c) of the Act in their 25th Annual General Meeting held on August 8, 2014

Approval of the Members is, therefore, sought for the proposed issue of NCDs and for authorising the Board and/or Committee thereof (the Board) to issue NCDs on the terms and conditions as may be deemed appropriate by the Board

The Board recommends the resolution as set out at Item No. 10 in the notice, for approval of the Members of the Company as a Special Resolution

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 10 of the notice

#### **Item No. 11 :**

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Companies

Act, 2013, all related party transactions require prior approval of the Audit Committee. Further, in terms of the provisions of Listing Regulations all material related party transactions require approval of the Members of the Company to be accorded by way of an Ordinary Resolution. A related party transaction is defined to mean "a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged"

The term Material Transaction has been defined to mean any transaction (entered into either individually or taken together with previous transactions during a financial year), which exceeds 10% (ten per cent) of the annual consolidated turnover of the company, as per the last audited financial statements of the Company

The Audit Committee and the Board of Directors of the Company at their Meetings held on November 10, 2014, approved and adopted the Policy on Related Party Transactions in compliance with then Clause 49(VII)(C) of Equity Listing Agreement. This policy is available on the Company's website: at [www.ilfsengg.com](http://www.ilfsengg.com)

As per the policy, all the related party transactions are being approved by the Audit Committee

Your Company is an Engineering Procurement and Construction (EPC) Company and is in the business of executing projects across different infrastructure sectors such as roads, irrigation, buildings, power and other sectors. The Company gets various projects from IL&FS Group Companies from time to time

Further, for the purpose of bidding, the Company forms joint venture (JVs) from time to time with any related or unrelated party in the form of Association of Persons. The JVs are therefore related parties in terms of the provisions of the Companies Act, 2013 and these JVs draws technical, financial and project skill sets from the Company to execute the project. Therefore, the transactions with related parties are an essential part of the business activities of the Company. The Company shares its obligations and resources with its related parties at various stages of its business, as listed in Resolution No. 11

Further, the Company requires funds from time to time to execute various projects, due to which the Company requires to borrow funds from the related party(ies)

The maximum value of Rs 20,000 million per year basis by way of related party transactions in respect of each related party as listed herein after has been arrived at on the basis of various parameters relevant to the execution of projects involving project finance, construction and development. The nature of related party transactions / contracts/ arrangements proposed to be entered into by the Company after the date of this notice as listed in Resolution No. 11 considering the aforesaid parameters are likely to exceed 10% of the consolidated turnover of the Company and therefore requires approval of the Members in terms of Listing Regulations

Section 188(1) of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 govern related party transactions from Companies Act, 2013 perspective. Transactions entered into with related parties in the ordinary course of business and on arm's length basis are exempted from the provisions of Section 188 (i.e. prior approval by Board of Directors and Members). It is pertinent to note that the related party transactions entered into or proposed to be entered into by the Company are/would be in the ordinary course of its business and on arm's length basis. Therefore, while approval of the Members is not mandatory under the provisions of Section 188 of the Companies Act, 2013 and

the rules framed thereunder; the same is being sought as a measure of abundant caution

Information as required to be disclosed under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 namely, name of the related party, nature of relationship, nature of the contract/arrangement, material terms and particulars with actual / estimated monetary value of contract/arrangement, forms part of the resolution

Considering the business requirements, complexity, volume, monetary commitment and frequency of the transactions between the Company and its related parties, the Board of Directors considers it expedient and necessary to seek approval of the Members for entering into and executing transactions with related parties as aforesaid and recommend passing of the Resolution at item No. 11 as contained in this Notice as an Ordinary Resolution

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution, except to the extent of their shareholding in the Company and / or Directorships and / or Shareholding in the related party and interest in the particular contract/arrangement as mentioned in Resolution to the Notice

Following are the main related parties as on date of this notice, for your information:

| Sr. No. | Name of the Party                                   | Relationship                                              |
|---------|-----------------------------------------------------|-----------------------------------------------------------|
| 1.      | Infrastructure Leasing & Financial Services Limited | Promoter Company                                          |
| 2.      | Angeerasa Greenfields Private Ltd                   | Subsidiary Company                                        |
| 3.      | Ekadanta Greenfields Private Ltd                    | Subsidiary Company                                        |
| 4.      | Saptaswara Agro-Farms Private Ltd                   | Subsidiary Company                                        |
| 5.      | Maytas Infra Assets Ltd                             | Subsidiary Company                                        |
| 6.      | Maytas Metro Ltd                                    | Subsidiary Company                                        |
| 7.      | Maytas Vasishta Varadhi Ltd                         | Subsidiary Company                                        |
| 8.      | Maytas Infra Saudi Arabia Company                   | Subsidiary Company                                        |
| 9.      | Hill County Properties Limited                      | Associate Company                                         |
| 10.     | IL&FS Transportation Networks Limited               | Enterprise which has a member of Key Management in common |
| 11.     | Elsamex FA                                          | Enterprise which has a member of Key Management in common |
| 12.     | NCC-Maytas (JV)                                     | Joint Venture                                             |
| 13.     | NEC-NCC-Maytas (JV)                                 | Joint Venture                                             |
| 14.     | Maytas-NCC (JV)                                     | Joint Venture                                             |
| 15.     | NCC-Maytas (JV)                                     | Joint Venture                                             |
| 16.     | Maytas-CTR (JV)                                     | Joint Venture                                             |
| 17.     | NCC-Maytas ZVS (JV)                                 | Joint Venture                                             |
| 18.     | Maytas-KBL (JV)                                     | Joint Venture                                             |
| 19.     | Maytas KCCPL Flow More (JV)                         | Joint Venture                                             |
| 20.     | Maytas MEIL KBL (JV)                                | Joint Venture                                             |
| 21.     | Maytas MEIL ABB AAG (JV)                            | Joint Venture                                             |
| 22.     | MEIL Maytas ABB AAG (JV)                            | Joint Venture                                             |
| 23.     | MEIL Maytas KBL (JV)                                | Joint Venture                                             |
| 24.     | MEIL Maytas WPIL (JV)                               | Joint Venture                                             |
| 25.     | MEIL Maytas AAG (JV)                                | Joint Venture                                             |
| 26.     | MEIL-SEW-Maytas-BHEL (JV)                           | Joint Venture                                             |
| 27.     | L&T KBL Maytas (JV)                                 | Joint Venture                                             |
| 28.     | Maytas Ritwik (JV)                                  | Joint Venture                                             |
| 29.     | Maytas Sushee (JV)                                  | Joint Venture                                             |
| 30.     | Maytas Gayatri (JV)                                 | Joint Venture                                             |
| 31.     | IL&FS Engg-Kalindee (JV)                            | Joint Venture                                             |
| 32.     | DIPL-IL&FS Engg(JV)                                 | Joint Venture                                             |

**Item No. 12 :**

It is proposed to issue secured / unsecured Non-Convertible Debentures (NCDs) for an amount up to Rs 3,000 million on private placement basis for infusing funds into the Company for ongoing EPC projects of the Company

Further, the Company also borrows money by way of term loan / working capital facilities from Banks from time to time

In this respect, the investor(s) / lender(s) may request for a letter of comfort / awareness, undertaking, indemnity, guarantee or such other document from Infrastructure Leasing and Financial Services Limited (IL&FS), Promoter of the Company

Accordingly, it is proposed to obtain letter of comfort / awareness, undertaking, indemnity, guarantee or such other document from IL&FS, Promoter of the Company as requested by the Investor(s) / Lender(s) for an amount upto Rs 3,500 million from time to time

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a related party transaction is "a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged". In terms of Section 2(76) of the Companies Act, 2013, IL&FS is a related party. Further, in terms of the provisions of Regulation 23 of Listing Regulations, all related party transactions shall require prior approval of the Audit Committee of the Board of Directors of the Company and material related party transactions shall require approval of members of the Company and the related parties shall abstain from voting

"Material Related Party Transactions" mean a transaction(s) with a related party to be entered individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company

Since, the aforementioned transaction with IL&FS is a material related party transaction, approval of the Members of the Company is required for resolution set out at Item No. 12

Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item No. 12 of the Notice

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No. 12

## Information of Directors seeking appointment/ re-appointment under Section 152 and Section 160 of the Companies Act, 2013 under Regulation 36(3) of the SEBI (Listing Obligations and Requirements) Regulations, 2015

### Item No. 2: Director seeking re-appointment:

#### Mr Saleh Mohammed A Binladen (DIN – 03604752) :

**Brief Profile:** Mr Saleh Mohammed A Binladen, 61 years, is a Non-Executive Director of the Company. He is the Senior Vice-President of the Saudi Bin Laden Group and also the Chairman of Huta Group of Companies. Further, he is on the board of various Saudi Bin Laden Group Companies

Mr Binladen does not hold any shares in his name or as a beneficiary in the Company and he does not have any relationship with other Directors/ Key Managerial Personnel of the Company

#### Directorships of Mr Saleh Mohammad A BinLaden

- (i) Al salem group of Companies
- (ii) Makkah Co. for Construction & Development
- (iii) Huta Group of Companies
- (iv) Arrow Company for Food & Distribution
- (v) International Food & Consumer Goods Co.
- (vi) Knowledge Economic City Al-madinah
- (vii) Project Management and Development Co.
- (viii) Construction Products Holding Co.

#### Details of Committee Memberships (other than Committee Memberships in the Company): Nil

### Director(s) seeking appointment:

#### Item No. 5: Mr Ganapathi Ramachandran

**Brief Profile:** Mr Ganapathi Ramachandran, aged 61 years, graduated from IIT Madras with a B Tech degree. He is also a fellow of the Indian Institute of Foreign Trade. At present, he is the Chairman and Executive Director of Trigyn Technologies Limited as well as Vice President of The Southern India Chamber of Commerce and Industry. He gained rich experience while working with Bharat Heavy Electricals Ltd.

Recognizing his wider interest in economic and academic issues, the prestigious Great Lakes Institute of Management, Chennai has nominated him to its Business Advisory Council of which Mr Ratan Tata is the Chairman. Currently, Mr Ganapathi is also holding the position of a Director in ELNET Technologies Limited, Trigyn Technologies (Inc), USA, Leading Edge Info Tech Limited, Orient Green Power Limited and IL&FS Technologies Limited

Mr Ramachandran does not hold any shares in his name or as a beneficiary in the Company and he does not have any relationship with other Directors/Key Managerial Personnel of the Company

#### Directorships of Mr Ganapathi Ramachandran

- (i) Orient Green Power Company Limited
- (ii) Trigyn Technologies Limited
- (iii) Elnet Technologies Limited

- (iv) Beta Wind Farm Private Limited
- (v) Leading Edge Infotech Limited
- (vi) IL&FS Technologies Limited
- (vii) Trigyn Technologies (India) Private Limited
- (viii) Trigyn Technologies Inc., USA
- (ix) The Southern India Chamber of Commerce and Industry

**Details of Committee Memberships (other than Committee Memberships in the Company):**

| S. No. | Name of the Company                | Committee Memberships                                                  |
|--------|------------------------------------|------------------------------------------------------------------------|
| 1.     | Orient Green Power Company Limited | Audit Committee- Member<br>Stakeholders Relationship Committee- Member |
| 2      | Elnet Technologies Limited         | Audit Committee- Member<br>Stakeholders Relationship Committee- Member |
| 3      | Beta Wind Farm Private Limited     | Audit Committee- Member                                                |
| 4      | Trigyn Technologies Limited        | Audit Committee- Member<br>Stakeholders Relationship Committee- Member |
| 5      | IL&FS Technologies Limited         | Audit Committee- Member                                                |

**Item No. 6: Ms Sutapa Banerjee**

**Brief Profile:** Ms Sutapa Banerjee, aged 52 years, has spent close to 24 years in the financial services industry across 2 large multinational banks (ANZ Grindlays and ABN AMRO), and a boutique Indian Investment bank (Ambit) where she built and headed several businesses. A well- recognized thought leader in the Wealth Management space having headed and successfully built from scratch the Private Wealth businesses in both ABN AMRO Bank and Ambit Capital. Ms. Banerjee was voted one of the 'Top 20 Global Rising Stars of Wealth Management' by the Institutional Investor Group in 2007 - the only Indian and one of only two winners from Asia. As CEO she led Ambit Private Wealth to 'Best Private Bank in India in the 2013 Asia Money polls. In 2012 she was shortlisted in the 50 most Powerful Women' by Fortune India. Ms. Banerjee is an Advanced Leadership Fellow (2015) of Harvard University

Currently she consults in the Wealth and Investments Management area and serves as an Independent Director on the board of several companies (JSW Group, IL&FS Group) and non-profit institutions (Oxfam India and Dignity Foundation). She also represents Women's World Banking as a Nominee Director on the board of their investee company Ananya Finance in India. Her area of study at Harvard was Responsible Investing and Business Practices and the use of a Gender Lens. She currently works, writes and speaks actively in this space

Ms Banerjee does not hold any shares in her name or as a beneficiary in the Company and she does not have any relationship with other Directors/Key Managerial Personnel of the Company

**Directorships of Ms Sutapa Banerjee:**

- (i) JSW Holdings Limited
- (ii) JSW Cement Limited

- (iii) Ananya Finance for Inclusive Growth Private Limited
- (iv) ISSL Market Services Limited
- (v) IL&FS Security Services Limited
- (vi) Oxfam India
- (vii) JSW Industrial Gases Private Limited
- (viii) Dignity Foundation
- (ix) M3 Global Finance Limited

**Details of Committee Memberships (other than Committee Memberships in the Company):**

| Sr. No. | Name of the Company                                 | Committee Memberships                                                                             |
|---------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 1.      | JSW Holdings Limited                                | Audit Committee- Member<br>CSR Committee- Member                                                  |
| 2       | JSW Cement Limited                                  | Audit Committee- Member<br>CSR Committee- Member                                                  |
| 3       | Ananya Finance for Inclusive Growth Private Limited | Risk Management Committee- Member<br>HR Committee- Member                                         |
| 4       | ISSL Market Services Limited                        | Audit Committee- Member<br>Nomination and Remuneration Committee- Member                          |
| 5       | Oxfam India                                         | Audit Committee- Chairperson                                                                      |
| 6       | JSW Industrial Gases Pvt. Ltd.                      | Audit Committee- Member<br>CSR Committee- Member<br>Nomination and Remuneration Committee- Member |
| 7       | M3 Global Finance Limited                           | Audit Committee- Chairperson<br>Nomination and Remuneration Committee- Member                     |

**Item No. 7: Mr Bhaskar Chatterjee:**

**Brief Profile:** Mr Bhaskar Chatterjee, aged 70 years, is a Retired IAS Officer with more than 30 years of experience. During the first decade of his career as an IAS Officer, he was posted in different sub divisions and in districts of Haryana as Sub Divisional Magistrate and Deputy Commissioner/ District Magistrate. During his tenure as an IAS officer he has served nearly eight years in HUDA and in Department of Town and County Planning. During this period, he was member of National Capital Region Planning Board (NCRPB) and was closely associated with number of schemes initiated to decongest Delhi. His another area of experience was the power sector. He was a member of erstwhile HSEB, then briefly as Secretary Power and also held the position of Chairman Haryana Electricity Regulatory Commission (HERC) for 5 years. This combined experience had helped him in understanding the functioning of power sector from generation to distribution

Mr Chatterjee does not hold any shares in his name or as a beneficiary in the Company and he does not have any relationship with other Directors/Key Managerial Personnel of the Company

**Directorships of Mr Bhaskar Chatterjee: Nil**

**Committee Memberships (Other than Committee Memberships in the Company): Nil**

## Item No. 8 & 9: Mr Mukund Sapre

Mr. Mukund Sapre, aged 58 years, is an Executive Director of IL&FS Transportation Networks Limited (ITNL) and has been associated with the IL&FS group since 1992. He holds a bachelor's degree in civil engineering, a diploma in 'systems management' and a diploma in 'financial management'. He has over 30 years of experience in the industry

Prior to joining ITNL, he was involved with international projects in the Philippines, Indonesia, Mexico and Spain and has played a vital role in implementing the 'High Speed Rail Project' and evaluating the 'Cargo Airport Project' in Mexico. He has also been previously associated with Engineers India Limited as its Deputy Manager during the period from 1984 to 1992, and with Gammon India Limited as an Assistant Engineer during the period from 1980 to 1984

Mr Sapre does not hold any shares in his name or as a beneficiary in the Company and he does not have any relationship with other Directors/Key Managerial Personnel of the Company

### Directorships of Mr Mukund Sapre:

- (i) Gujarat State Road Development Corporation Limited
- (ii) IL&FS Transportation Networks Limited
- (iii) IL&FS Rail Limited
- (iv) Jharkhand Accelerated Road Development Company Limited
- (v) Karyavattom Sports Facilities Limited
- (vi) Bengal Aerotropolis Projects Limited
- (vii) Gujarat Road and Infrastructure Company Limited
- (viii) IL&FS Township & Urban Assets Limited
- (ix) Elsamex Maintenance Services Limited
- (x) ITNL International Pte Limited
- (xi) ITNL Offshore Pte Limited
- (xii) ITNL International DMCC

- (xiii) Elsamex SA, Spain
- (xiv) IIP USA LLC
- (xv) Elsamex International SL
- (xvi) Sociedad Concesionaria Autovia A4 Madrid, S.A.
- (xvii) Sharjah General Services Co. LLC

### Details of Committee Memberships (other than Committee Memberships in the Company):

| Sr. No. | Name of the Company                                | Committee Memberships                                                                 |
|---------|----------------------------------------------------|---------------------------------------------------------------------------------------|
| 1       | IL&FS Transportation Networks Limited              | Committee of Directors - Member<br>Corporate Social Responsibility Committee - Member |
| 2       | Gujarat State Road Development Corporation Limited | Audit Committee - Member<br>Nomination and Remuneration Committee - Member            |

By order of the Board

For IL&FS Engineering and Construction Company Limited

Sd/-

**Sushil Dudeja**

Company Secretary  
(Membership No. A19265)

### Regd. Office:

Door No: 8-2-120/113/3/4F,  
Sanali Info Park, Cyber Towers, Road No 2,  
Banjara Hills, Hyderabad – 500 033  
CIN: L45201AP1988PLC008624  
Email: cs@ilfsengg.com

Place: Mumbai

Date: May 29, 2017

## Route Map to 28th AGM Venue

**Venue :** KLN Prasad Auditorium, 3rd Floor, The Federation of Telengana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004, **Landmark :** Next to Birla Mandir,

**Date & Time :** Monday, August 28, 2017 at 2.30 p.m

*Distance from Rajiv Gandhi International Airport*



*Distance from Secunderabad Junction Railway Station*



# DIRECTORS' REPORT

The Members

## IL&FS Engineering and Construction Company Limited

Your Directors take pleasure in presenting the Twenty-Eighth Annual Report along with the Audited Financial Statements for the Financial Year Ended March 31, 2017

### I. FINANCIAL RESULTS :

(Rs in Crore)

| Particulars                                                             | STANDALONE |          |
|-------------------------------------------------------------------------|------------|----------|
|                                                                         | FY 2017    | FY 2016  |
| Gross Income                                                            | 2015.55    | 1983.16  |
| Profit/ (Loss) before Interest, Depreciation, Exceptional Items and Tax | 378.15     | 159.20   |
| Interest and Finance Charges                                            | 327.88     | 304.06   |
| Depreciation                                                            | 47.97      | 43.66    |
| Profit/ (Loss) before Exceptional Items, Tax and Prior Period Items     | 2.30       | (188.52) |
| Exceptional Items (net)                                                 | -          | -        |
| Profit/ (Loss) before Tax and Prior Period Items                        | 2.30       | (188.52) |
| Provision for Taxes                                                     | -          | -        |
| Less: Prior Period Expenses ( net)                                      | -          | -        |
| Profit/ (Loss) after Tax                                                | 2.30       | (188.52) |
| Paid up Equity Capital                                                  | 131.12     | 121.16   |
| Preference Share Capital                                                | 39.75      | 92.75    |
| Reserves and Surplus                                                    | (44.97)    | (90.31)  |
| Net Worth                                                               | 125.90     | 123.60   |
| Earnings per share (In Rupees)                                          |            |          |
| - Basic                                                                 | (0.05)     | (16.65)  |
| - Diluted                                                               | (0.05)     | (16.65)  |

### II. DIVIDEND :

During FY 2017, the Company earned Net Profit of Rs 2.30 crore which is inadequate for declaration of dividend. Your Directors, therefore express their inability to recommend any dividend for the year on Preference as well as Equity Shares

### III. FINANCIAL PERFORMANCE REVIEW :

Your Company achieved a turnover of Rs 1,820.22 crore on standalone basis for FY 2017 as against Rs 1,844.87 crore in FY 2016. The marginal decrease in revenue was due to delay in handing over of work front by clients, environmental clearances, etc The Net Profit for the year amounted to Rs 2.30 crore as against loss of Rs 188.52 crore in FY 2016. The increase in profit was due to recognition of contractual claims and profit on sale of fixed assets

### IV. RESERVES :

Due to inadequacy of profits, no amount is recommended for transfer to Reserves of the Company for FY 2017

### V. THE STATE OF AFFAIRS OF THE COMPANY :

During the year under review, your Company had bagged various orders in the Roads, Buildings & Structures, Power and Oil & Gas Sectors. The Orders received during the year under review amounted to Rs 2,776 crore. Also, the Company already had orders worth Rs 10,026 crore at the beginning of the year. Out of the total orders in hand, the unexecuted order value stands at Rs. 10,649 crore (approx.) at the end of the year

Your Company is having operations beyond the territorial limits of India and is now operating from Saudi Arabia under a separate Joint Venture Subsidiary, and through Company's branches in Fujairah and Abu Dhabi

The Board of Directors is hopeful of securing sizeable orders in the future and is confident of effective execution of the existing works in the order book

### VI. SHARE CAPITAL :

During the year under review, in terms of the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI (ICDR) Regulations) your Company allotted 9,962,407 equity shares of Rs. 10/- each at a price of Rs. 53.20 per share on Preferential Basis to the following entities on March 24, 2017

| # | Name of the Entity                                              | Number of Shares | Total amount paid incl. premium (in Rs.) |
|---|-----------------------------------------------------------------|------------------|------------------------------------------|
| 1 | Infrastructure Leasing and Financial Services Limited- Promoter | 4,981,203        | 265,000,000.00                           |
| 2 | IL&FS Financial Services Limited- Promoter Group                | 4,981,204        | 265,000,052.80                           |
|   | <b>TOTAL</b>                                                    | <b>9,962,407</b> | <b>530,000,052.80</b>                    |

Accordingly, the movement in the Paid-up Equity Share Capital of the Company is as under:

| Particulars                                 | Number of Shares   | Amount (in Rs.)      |
|---------------------------------------------|--------------------|----------------------|
| Opening Balance as on April 1, 2016         | 121,158,671        | 1,211,586,710        |
| Add: Allotment under Preferential issue     | 9,962,407          | 99,624,070           |
| <b>Closing Balance as on March 31, 2017</b> | <b>131,121,078</b> | <b>1,311,210,780</b> |

The Company received the Listing Approvals for 9,962,407 Equity Shares of the Company from BSE Limited (BSE) on April 5, 2017 and National Stock Exchange of India Limited (NSE) on March 29, 2017. Thereafter, necessary Corporate Action Forms for credit of the said shares to Promoter and Promoter Group were submitted with NSDL and CDSL (Depositories) on April 6, 2017. After receipt of confirmation of credit of shares, necessary applications were filed by the Company with NSE and BSE for obtaining their trading approval. NSE and BSE vide their letters dated April 12, 2017 granted trading approval for 9,962,407 equity shares which was effective from April 13, 2017

During the year under review, your Company had redeemed preference shares amounting to Rs 53 crore out of the proceeds of the said preferential issue and the movement is shown below :

| Particulars                                 | No. of 6% OCCRPS* | Amount (in Rs.)    | No. of 6% CRPS** | Amount (in Rs.)   |
|---------------------------------------------|-------------------|--------------------|------------------|-------------------|
| Opening Balance as on April 1, 2016         | 8,750,000         | 875,000,000        | 525,000          | 52,500,000        |
| Less: Redeemed on March 28, 2017            | (5,000,000)       | (500,000,000)      | (300,000)        | (30,000,000)      |
| <b>Closing Balance as on March 31, 2017</b> | <b>3,750,000</b>  | <b>375,000,000</b> | <b>225,000</b>   | <b>22,500,000</b> |

\*OCCRPS: Optionally Convertible Cumulative Redeemable Preference Shares

\*\*CRPS: Cumulative Redeemable Preference Shares

#### Shares held by Directors :

Mr Karunakaran Ramchand, Non-Executive Chairman of the Company holds 40,000 Equity Shares of the Company. No other Non-Executive Director of the Company holds any Shares or convertible instruments of the Company

#### VII. DEPOSITS :

During the year under review, your Company had not accepted any deposit from public under Chapter V of the Companies Act, 2013

#### VIII. DIRECTORS AND KEY MANAGERIAL PERSONNEL :

During the year under review, following changes took place in the composition of Board of Directors and Key Managerial Personnel:

##### Appointments :

- Mr Sushil Dudeja was appointed as the Company Secretary and Key Managerial Personnel of the Company with effect from April 4, 2016
- Mr Debabrata Sarkar was appointed as an Additional and Non-Executive Independent Director of the Company at the Board Meeting held on August 11, 2016. Further, his appointment was approved by the Members of the Company at the Twenty Seventh Annual General Meeting held on September 23, 2016. He was appointed for a period of 5 years with effect from August 11, 2016
- Mr Ganapathi Ramachandran, Mr Rajiv Sarin and Ms Sutapa Banerjee were appointed as Additional and Non-Executive Independent Directors of the Company for a period of 5 years with effect from October 6, 2016
- Mr Ahmad Mohamad Dabbous was also appointed as Additional and Non-Executive Director with effect from October 6, 2016
- Mr Mukund Sapre was appointed as Managing Director of the Company with effect from October 7, 2016 for a period of 5 years
- Mr Bhaskar Chatterjee was appointed as an Additional and Non-Executive Independent Director of the Company with effect from November 2, 2016 for a period of five years

##### Resignations / Cessation :

- Mr Dhananjay Mungale, Non-Executive Independent Director of the Company resigned from the Directorship of the Company with effect from July 1, 2016

- (b) Mr El Mouhtaz El Sawwaf, Non-Executive Director of the Company resigned from the Directorship of the Company with effect from September 1, 2016. Consequent to his resignation Mr Ahmad Mohamad Dabbous, Alternate director to Mr Sawwaf ceased to be Alternate Director of the Company with effect from September 1, 2016
- (c) Mr Ved Jain and Mr Anil Agarwal, Non-Executive Independent Directors of the Company resigned from the Directorship of the Company with effect from September 2, 2016
- (d) Ms Kanika Tandon Bhal and Ms Alpa Sheth, Non-Executive Independent Directors of the Company resigned from the Directorships of the Company with effect from September 12, 2016 and September 16, 2016 respectively
- (e) Mr Murli Dhar Khattar resigned from the position of Managing Director as well as from the Directorship of the Company with effect from October 6, 2016
- (f) Mr Ahmad Mohamad Dabbous, Additional and Non-Executive Director of the Company resigned from the Directorship of the Company with effect from March 28, 2017

The Board of Directors took note of the aforementioned resignations / cessation of the Directors and placed on record sincere appreciation of the contribution made by them towards the Company

Further, Mr Rajiv Sarin, Additional and Non-Executive Independent Director of the Company had passed away on May 11, 2017. Your Directors express their deepest sorrow on the sad demise of Mr Sarin and place on record its sincere appreciation on the contribution made by him during his short stint with the Company

Mr Saleh Mohammed A Binladen, Non-Executive Director of the Company, shall retire by rotation at the ensuing Annual General Meeting, in terms of the provisions of the Companies Act, 2013 and being eligible offers himself for re-appointment. Further, necessary resolutions for approval of appointment of Mr Ganapathi Ramachandran, Ms Sutapa Banerjee, Mr Bhaskar Chatterjee and Mr Mukund Sapre as Directors of the Company are included in the Notice of Annual General Meeting along with their brief profile and other details as required under the Listing Regulations and Secretarial Standard-2 for appointment and re-appointment of Directors. Your Directors recommend the appointment and re-appointment of aforementioned Directors of the Company at the ensuing Annual General Meeting of the Company

None of the Directors of the Company are inter-se related to each other

#### **Statement on Declaration given by Independent Directors :**

The Independent Directors of the Company have given their declaration of Independence in terms of sub-section (6) of Section 149 of the Companies Act, 2013 read with rules made thereunder and Regulation 16 of Listing Regulations.

#### **Familiarization Programme of Independent Directors :**

The Company through its Managing Director and Senior Management conducts programmes/ presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company. The programmes/ presentations also familiarizes the Independent Directors with their roles, rights and responsibilities. The details of familiarization programmes imparted to Independent Directors of the Company during FY 2017 is available on the website of the Company at: <http://www.ilfsengg.com/Document/FamiliarizationProgramme.pdf>

#### **Non-Executive Directors :**

The Non-Executive Directors are entitled for sitting fee for attending the Meetings of the Board and/or Committee thereof. During the year under review, with effect from March 1, 2017, the sitting fees payable to the Directors for attending Board and other Committee Meetings had been revised from Rs. 20,000 to Rs 30,000 per Meeting. Additionally, the actual out of pocket expenses incurred by the Non-Executive Directors for attending the meetings are also borne by the Company. Except as mentioned above, no other payment is made by the Company to the Non-Executive Directors and the Company does not have any pecuniary relationship or transactions with the Non-Executive Directors. The details of amount paid to the Directors of the Company towards Sitting Fee are mentioned in the Corporate Governance Section of this Annual Report

#### **Performance Evaluation :**

In terms of the provisions of the Companies Act, 2013 and Listing Regulations, the Board of Directors of the Company had at its Meeting held on November 10, 2014 approved the policy on Performance Evaluation of the Board of Directors, which laid down the criteria for performance evaluation of Board of Directors, its Committees, Executive Directors, Independent Directors and Individual Directors. As per the policy, the Board of Directors had at its Meeting held on May 29, 2017, evaluated the performance of its own, all its Committees, Executive Directors, Independent Directors and Individual Directors (excluding the Director being evaluated) as satisfactory. The manner of performance evaluation process followed by the Board is given in detail in the Corporate Governance Report. The policy on performance evaluation is available on the website of the Company at <http://www.ilfsengg.com/html/policies/PerformanceEvaluationPolicy.pdf>

#### **Managerial Remuneration Policy :**

In terms of the provisions of Section 178 of the Companies Act, 2013 read with Rules made thereunder and Regulation 19 of Listing Regulations, the Board of Directors of the Company had framed Managerial Remuneration Policy which includes the criteria for determining qualifications, positive attributes, independence of directors and other matters as specified under Section 178(3) of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of Listing Regulations. The policy is available on the website of the Company at <http://www.ilfsengg.com/html/policies.php>

### **IX. DIRECTORS RESPONSIBILITY STATEMENT :**

In terms of Section 134 (5) of the Companies Act, 2013, the Board of Directors wish to state that :

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**X. Details of conservation of energy, technology absorption, foreign exchange earnings and outgo :**

|            |                                                                                                                           |                                                                                                                                                                                                                                                                                                                |
|------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>(A)</b> | <b>Conservation of energy</b>                                                                                             |                                                                                                                                                                                                                                                                                                                |
| i)         | The steps taken or impact on conservation of energy;                                                                      | The conservation of energy in all the possible areas is undertaken as an important means of achieving cost reduction. Savings in electricity, fuel and power consumption receive due attention of the management on a continuous basis                                                                         |
| ii)        | The steps taken by the Company for utilizing alternate sources of energy;                                                 | NIL                                                                                                                                                                                                                                                                                                            |
| iii)       | The capital investment on energy conservation equipments;                                                                 | NIL                                                                                                                                                                                                                                                                                                            |
| <b>(B)</b> | <b>Technology absorption</b>                                                                                              |                                                                                                                                                                                                                                                                                                                |
| i)         | the efforts made towards technology absorption;                                                                           | Timely completion of the projects as well as meeting the budgetary requirements are the two critical areas where different techniques help to a great extent. Many innovative techniques have been developed and put to effective use in the past and the efforts to develop new techniques continue unabated. |
| ii)        | the benefits derived like product improvement, cost reduction, product development or import substitution;                | NIL                                                                                                                                                                                                                                                                                                            |
| iii)       | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - | NIL                                                                                                                                                                                                                                                                                                            |
| a.         | the details of technology imported;                                                                                       |                                                                                                                                                                                                                                                                                                                |
| b.         | the year of import;                                                                                                       |                                                                                                                                                                                                                                                                                                                |
| c.         | whether the technology been fully absorbed                                                                                |                                                                                                                                                                                                                                                                                                                |
| d.         | if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;                               | NA                                                                                                                                                                                                                                                                                                             |
| iv)        | The expenditure incurred on Research and Development                                                                      | NIL                                                                                                                                                                                                                                                                                                            |
| <b>(C)</b> | <b>FOREIGN EXCHANGE</b>                                                                                                   |                                                                                                                                                                                                                                                                                                                |
|            | Foreign Exchange earned in terms of actual inflows during the year                                                        | NIL                                                                                                                                                                                                                                                                                                            |
|            | Foreign Exchange Outgo during the year in terms of actual outflows                                                        | Rs 0.42 crore                                                                                                                                                                                                                                                                                                  |

**XI. BOARD AND ITS COMMITTEES :**

**(a) Board of Directors :**

During the year under review the Board of Directors of the Company met five times on May 30, 2016, August 11, 2016, October 6, 2016, November 02, 2016 and February 10, 2017. The attendance, along with such other details as required, of each of the Directors is mentioned in the Corporate Governance Report section of this Annual Report

**(b) Audit Committee :**

The Audit Committee of the Board of Directors of the Company consists of four members of which majority are Independent Directors. In view of the resignations of Mr Ved Jain, Mr Anil Agarwal, Mr Dhananjay Mungale and Mr Murli Dhar Khattar from the Board of the Company, Mr Jain, Mr Agarwal, Mr Mungale and Mr Khattar ceased to be the Members of the Audit Committee

The Board of Directors of the Company in its Meeting held on August 11, 2016, inducted Mr Debabrata Sarkar as a Member of the Audit Committee. Further, the Board of Directors had at its Meeting held on October 6, 2016, reconstituted the Audit Committee and appointed Mr Debabrata Sarkar as the Chairman of the Committee and Mr Ganapathi Ramachandran, Ms Sutapa Banerjee and Mr Mukund Sapre as other Members of the Committee. The attendance of Members in the Meetings of Audit Committee and other details are mentioned in the Corporate Governance Report section of this Annual Report

All the recommendations of the Audit Committee were accepted by the Board of Directors during the year under review. Further, the Committee comprises with majority of Independent Directors including its Chairman, all of whom have the ability to read and understand the Financial Statements

**(c) Corporate Social Responsibility Committee :**

The Board of Directors of the Company had constituted Corporate Social Responsibility (CSR) Committee on March 18, 2014 and had formulated a policy on CSR which is available on the website of the Company at [www.ilfsengg.com](http://www.ilfsengg.com). In view of the resignations of Mr Anil Agarwal, Mr Murli Dhar Khattar and Ms Alpa Sheth from the Board of Directors of the Company, they ceased to be the Members of the CSR Committee

Further, the Board of Directors had at its Meeting held on October 6, 2016, reconstituted the CSR Committee and appointed Ms Sutapa Banerjee as Chairperson of the Committee and Mr Rajiv Sarin and Mr Mukund Sapre as the other Members of the Committee. However, in view of sudden demise of Mr Rajiv Sarin, the Board of Directors had reconstituted the CSR Committee at its Meeting held on May 29, 2017 and inducted Mr Debabrata Sarkar as a Member of CSR Committee in place of Mr Sarin

The Company is required to spend two percent of the average net profits for preceding three financial years as per Section 135(5) of the Companies Act, 2013. However, no CSR activities have been conducted during the year as the Company has incurred losses in previous years. The details of CSR policy and other details as per Rule 9 of Companies (Corporate Social Responsibility) Rules, 2014 are enclosed as **Annexure 1** to this Report

**(d) Other Committees :**

The details of composition, number of Meetings and such other information as required regarding Nomination and Remuneration Committee and Stakeholders Relationship Committee are mentioned in the Corporate Governance section of this Annual Report

**XII. RISK MANAGEMENT :**

The Board of Directors had in its Meeting held on February 11, 2015 formulated a Risk Management Policy consisting of various elements of risk and mitigation measures

The Board of Directors had in its Meeting held on May 29, 2017, constituted the Risk Management Committee comprising of Mr Debabrata Sarkar, Mr Ganapathi Ramachandran, Ms Sutapa Banerjee, Mr Bhaskar Chatterjee – Directors and Mr Mukund Sapre, Managing Director of the Company. The Risk Management Committee of the Company is responsible for overseeing the implementation of the Policy. The Chief Internal Auditor of the Company acts as Chief Risk Coordinator. In the opinion of the Board, the policy on Risk Management addresses the risks associated with the business including identification of elements of risk which may threaten the existence of the Company. The Board of Directors / Audit Committee reviews the risk assessment and mitigation procedures across the entity from time to time. As on March 31, 2017, there were no risks which may threaten the existence of the Company

**XIII. SUBSIDIARIES :**

As per Section 129 (3) of the Companies Act, 2013 and Regulation 34 of the Listing Regulations, the Consolidated Financial Statements of the Company forms part of this Report. The copies of Audited Financial Statements of the Subsidiaries are available on the website of the Company at [www.ilfsengg.com](http://www.ilfsengg.com) and a copy of the same will be provided upon written request to the Company Secretary

**SUBSIDIARIES :**

Following are the Subsidiaries of your Company:

Angeerasa Greenfields Private Limited  
Ekadanta Greenfields Private Limited  
Saptaswara Agro-farms Private Limited  
Maytas Infra Assets Limited  
Maytas Metro Limited  
Maytas Vasishta Varadhi Limited  
Maytas Infra Saudi Arabia Company (Foreign Subsidiary)

**ASSOCIATES & JOINT VENTURES :**

During the year under review, the following have been Associates and Joint Ventures of your Company:

**Associate :**

Hill County Properties Limited

**Joint Ventures (Association of Persons) :**

NCC-Maytas (JV)  
NEC-NCC-Maytas (JV)  
Maytas-NCC (JV)  
NCC-Maytas (JV) (Singapore Classtownship)  
Maytas-CTR (JV)  
NCC-Maytas-ZVS (JV)

**Joint Ventures (Jointly Controlled Operations) :**

Maytas- KBL (JV)  
Maytas KCCPL Flow More (JV)  
Maytas MEIL KBL (JV)  
Maytas MEIL ABB AAG (JV)  
MEIL Maytas ABB AAG (JV)  
MEIL Maytas KBL (JV)  
MEIL Maytas WPIL (JV)  
MEIL Maytas AAG (JV)  
MEIL- SEW-Maytas-BHEL (JV)  
L&T KBL Maytas (JV)  
Maytas Ritwik (JV)  
Maytas Sushee (JV)  
Maytas Gayatri (JV)  
IL&FS Engg-Kalindee (JV)  
AMR-Maytas-KBL-WEG (JV)  
ITDC-Maytas JV

Further, none of the entities have been associated / disassociated as Joint Ventures of your Company during the year under review

The performance and financial position of the Subsidiaries, Joint Venture and Associate Companies are enclosed as **Annexure 2** to this Report

**XIV. AUDITORS AND AUDITORS' REPORT :****(a) Statutory Auditors :**

S. R. Batliboi and Associates LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office from the conclusion of 25th Annual General Meeting (AGM) of the Company till the conclusion of 28th AGM of the Company to be held in the year 2017. Accordingly, their term of appointment shall expire at the ensuing AGM

In terms of provisions of Section 139 of the Companies Act, 2013 read with Rules made thereunder, the Audit Committee and the Board of Directors had recommended the appointment of BSR & Associates LLP, Chartered Accountants (Firm Registration Number 116231W/W-100024) and M Bhaskara Rao & Co, Chartered Accountants (Firm Registration Number 000459S) as the Joint Statutory Auditors of the Company to hold office from the conclusion of 28th AGM till the conclusion of 33rd AGM of the Company to be held in the year 2022. Necessary resolution for appointment of BSR & Associates LLP and M Bhaskara Rao & Co. as Joint Statutory Auditors of the Company is included in the Notice of AGM

The Board noted that there are following qualifications in the Auditor's Report for the Standalone and Consolidated Financial Statements for the Year Ended March 31, 2017:

**(1) Standalone Financial Statements :**

The Company has investment amounting to Rs. 33.19 Crores made in an overseas subsidiary. Based on the unaudited financial statements of the aforesaid subsidiary as on March 31, 2017, 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 appropriate audit evidence, we are unable to comment on the carrying value of such investment, potential obligation and any other consequential impacts, if any, that may be required in this regard in the standalone financial statements

**(2) Consolidated Financial Statements :**

The accompanying consolidated financial statements include aggregate assets of Rs. 12.23 crores, aggregate revenues of Rs. 0.33 crore and net cash outflows amounting to Rs.0.00 Crore 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, 2017 been available and accordingly we are unable to comment on the same

**(3) Internal Financial Controls :**

The following material weaknesses has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2017

**Standalone Financial Statements :**

The Company's internal financial controls system over estimation of diminution in the carrying value of investments and accrual of potential obligation in case of an overseas subsidiary was not operating effectively which could potentially result in misstatement in the financial statements by way of Company not providing for adjustments/provisions, if any, that may be required

### **Consolidated Financial Statements :**

The Holding Company's internal financial control system over preparation of consolidated financial statements was not operating effectively as the consolidated financial statements were prepared based on un-audited financial statements of an overseas subsidiary which could result in potential misstatements / adjustments, if any, in the consolidated financial statements

The Board of Directors explanation on the aforementioned qualification is given below:

#### **(i) Qualification on Standalone Financial Statements :**

The Management of the Company 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 obligation. Accordingly, any adverse impact on the Financials of the Company is unlikely

#### **(ii) Qualification on Consolidated Financial Statements :**

The Board is of the view that adjustment, if any, that may have been required had the audited financial statements of the subsidiary been available would not be material. Accordingly, any adverse impact on the Financials of the Company is unlikely

#### **(b) Cost Auditors :**

In terms of the provisions of the Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended, the Board of Directors on the recommendation of Audit Committee appointed S Mahadevan & Co as the Cost Auditors of the Company for FY 2017 and the remuneration payable to them was approved by the Members at the Twenty Seventh AGM of the Company held on September 23, 2016. The Cost Auditors have submitted their report for FY 2017 to the Board of Directors at its Meeting held on May 29, 2017

Further, on the recommendation of Audit Committee, the Board of Directors in its Meeting held on May 29, 2017 appointed Narasimha Murthy & Co, Cost Accountants as the Cost Auditors of the Company. Necessary resolution for approval of their remuneration in terms of the provisions of the Companies Act, 2013 read with Rules made there under is included in the Notice of AGM

#### **(c) Secretarial Auditor :**

In terms of the provisions of Section 204 of the Companies Act, 2013, the Board of Directors had appointed Mr. Y. Ravi Prasada Reddy, Practising Company Secretary to conduct the Secretarial Audit for FY 2017. The Secretarial Audit Report for the Financial Year Ended March 31, 2017 is enclosed as **Annexure 3** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark

The Board of Directors of the Company had at its Meeting held on May 29, 2017, appointed RPR & Associates, Company Secretaries as the Secretarial Auditor of the Company for FY 2018

### **XV. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES :**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in terms of Section 188 of the Companies Act, 2013 read with Rules made there under and accordingly, the disclosure of related party transactions as required under Section 134 of the Companies Act, 2013 read with Rules 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not required

The Company had framed Related Party Transaction Policy for the purpose of approval and identification of Related Party Transactions. All Related Party Transactions entered into by the Company in terms of the Policy are placed before the Audit Committee for its approval from time to time. The Related Party Transaction Policy approved by the Board of Directors is uploaded on the website of the Company at [www.ilfsengg.com](http://www.ilfsengg.com)

### **XVI. EMPLOYEE STOCK OPTION SCHEME :**

During the year under review, the Company has not granted any stock options to the Employees. Further, the Company has received a certificate from the Statutory Auditors of the Company that the ESOP scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the Members. The Certificate is enclosed as **Annexure 4** with this report. Further, the disclosure as required under SEBI (Share Based Employee Benefits) Regulations, 2014 relating to ESOP 2009 scheme of the Company is available on the website of the Company at [www.ilfsengg.com](http://www.ilfsengg.com)

### **XVII. MANAGEMENT DISCUSSION AND ANALYSIS :**

A separate section titled "Management Discussion and Analysis" consisting of details in compliance with Regulation 34 read with Schedule V of the Listing Regulations is covered under separate section titled "Management Discussion and Analysis Report" in this Annual Report

### **XVIII. CORPORATE GOVERNANCE:**

A separate section titled "Report on Corporate Governance" including a certificate from the Practising Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under Listing Regulations is enclosed to the Report on Corporate Governance and forms part of this Annual Report

Further, the declaration signed by the Managing Director affirming the compliance with Code of Conduct for Board of Directors and Senior Management Personnel is enclosed to the Report on Corporate Governance

## DISCLOSURES :

### (a) Extract of Annual Return :

The extract of Annual Return as per Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure 5** to this Report

### (b) Vigil Mechanism :

The Company had established a Vigil Mechanism which incorporates Whistle Blower Policy to identify and report fraud. Please refer to the Corporate Governance section of the Annual Report for further details

### (c) Policy on Prevention of Sexual Harassment :

The Company had formulated and implemented a policy for Prevention of Sexual Harassment of Women at workplace. The Company time to time conducts workshops or awareness programmes against sexual harassment at works place. During the year under review, the Company has not received any complaints under the policy

The Company has many systems, processes and policies to ensure professional ethics and harmonious working environment. The Company follows Zero Tolerance towards Corruption and unethical conduct. These are ensured through Whistle Blower Policy, Sexual Harassment Policy and Redressal Guidelines

### (d) Particulars of Loans, guarantees or investments under Section 186 :

Your Company is into the business of providing Infrastructure Facilities. Accordingly, the provisions of Section 186 pertaining to providing Loan or Guarantee to other corporates are exempted. All information regarding Loans, Guarantees and Investments are mentioned in the notes to financial statements for FY 2017 which are self-explanatory

Further, during FY 2017, your Company has not made any investments covered under Section 186 of the Companies Act, 2013 and hence, the provisions of Section 186 are not attracted

However, the Company had sought approval of the Members of the Company to invest in Maytas Infra Saudi Arabia, Foreign Subsidiary upto SAR 30 Million, which was approved by the Members of the Company by way of postal ballot and e-voting on March 20, 2017

### (e) Particulars of employees and related disclosures :

The disclosures relating ratio of remuneration of each directors to the median employee's remuneration and other details as per Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure 6** to this Report

The disclosure pertaining to remuneration and other details as required under Section 197 (12) of the Act read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure 7** to this Report

### (f) Material changes and comments, if any, affecting the financial position of the Company : Nil

### (g) Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company :

During the year under view no significant and material orders passed by any Regulator or Courts or Tribunal which may impact the going concern status of the Company

### (h) Details in respect of adequacy of internal financial controls :

The details of internal financial controls and their adequacy is given in Management Discussion and Analysis Report

## XIX. ACKNOWLEDGMENTS :

Your Directors place on record their gratitude to the Bankers, Media, Financial Institutions, various agencies of the State and the Central Government Authorities, Clients, Consultants, Suppliers, Sub-Contractors, Members and the Employees for their valuable support and co-operation and look forward to continued enriched relationships in the years to come.

By order of the Board  
For IL&FS Engineering and Construction Company Ltd

Sd/-  
**Karunakaran Ramchand**  
Chairman  
DIN: 00051769

Place: Mumbai  
Date: May 29, 2017

## ANNEXURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs :

The CSR Policy of the Company is available on the website of the Company i.e. at <http://www.ilfsengg.com/html/policies.php>.

2. The Composition of CSR Committee as on March 31, 2017:

Ms Sutapa Banerjee - Chairperson

Mr Mukund Sapre – Member

Mr Rajiv Sarin – Member (ceased to be Member due to demise on May 11, 2017)

3. Average Net Profit of the Company for last three financial years:-

(Rs in Crores)

| Particulars                                   | FY 2012-14<br>Audited    | FY 2014-15<br>Audited | FY 2015-16<br>Audited |
|-----------------------------------------------|--------------------------|-----------------------|-----------------------|
| Profit/(Loss) before tax                      | (150.98)                 | 2.67                  | (188.52)              |
| Less: Dividend Income                         | 0.02                     | 0.00                  | 0.00                  |
| Less: Any profit arising from overseas branch | 0.00                     | 0.00                  | 0.00                  |
| <b>Total</b>                                  | <b>(151.00)</b>          | <b>2.67</b>           | <b>(188.52)</b>       |
| Average profit/(Loss) for three years         | [(151)+2.67+(188.52)]/3= |                       | (112.28)              |
| On this basis CSR expenditure works out = Nil |                          |                       |                       |

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

Since the Average Net Profit of the Company is negative, the prescribed CSR expenditure is nil

5. Details of CSR spent during the financial year:

a. Total Amount to be spent for the financial year - Nil

b. Amount unspent, if any - Nil

6. In case the Company has failed to spend the 2% of the average net profit of the Last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

Since the Average Net Profit of the Company was negative, the Company had not spent any amount on CSR activities

7. Responsibility Statement : The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company

Sd/-  
**Mukund Sapre**  
Managing Director

Sd/-  
**Sutapa Banerjee**  
Chairperson - CSR Committee

## FORM AOC - 1

### PART - A: SUBSIDIARIES INFORMATION

| S.No. | Particulars                                                                                                                 | Details                               |                                      |                                       |                             |                      |                                  |                                     |
|-------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|-----------------------------|----------------------|----------------------------------|-------------------------------------|
| 1     | Name of Subsidiary                                                                                                          | Angeerasa Greenfields Private Limited | Ekadanta Greenfields Private Limited | Saptaswara Agro-Farms Private Limited | Maytas Infra Assets Limited | Maytas Metro Limited | Maytas Vasishtha Varadhi Limited | Maytas Infra Saudi Arabia (MISA) ## |
| 2     | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | April 01, 2016 to March 31, 2017      |                                      |                                       |                             |                      |                                  |                                     |
| 3     | Date of acquiring subsidiary                                                                                                | 28/02/2011                            | 28/02/2011                           | 28/02/2011                            | 12/02/2008                  | 09/09/2008           | 30/04/2008                       | 11/07/2011                          |
| 4     | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Indian Rupees (in Crore)              |                                      |                                       |                             |                      |                                  |                                     |
| 5     | Share capital                                                                                                               | 0.01                                  | 0.01                                 | 0.01                                  | 0.05                        | 0.05                 | 0.05                             | 60.35                               |
| 6     | Reserves & Surplus                                                                                                          | (0.04)                                | (0.05)                               | (0.29)                                | (11.57)                     | 0                    | 0                                | (308.44)                            |
| 7     | Total Assets                                                                                                                | 50.00                                 | 18.58                                | 20.00                                 | 3.81                        | 75.25                | 3.03                             | 12.23                               |
| 8     | Total Liabilities                                                                                                           | 50.00                                 | 18.58                                | 20.00                                 | 3.81                        | 75.25                | 3.03                             | 12.23                               |
| 9     | Investments                                                                                                                 | 0.00                                  | 0.00                                 | 0.00                                  | 0.00                        | 0.00                 | 0.00                             | 0.00                                |
| 10    | Turnover                                                                                                                    | 0.00                                  | 0.00                                 | 0.00                                  | 0.00                        | 0.00                 | 0.00                             | 0.33                                |
| 11    | Profit before taxation                                                                                                      | (0.00)                                | (0.00)                               | (0.00)                                | (0.00)                      | (0.00)               | (0.00)                           | (51.25)                             |
| 12    | Provision for taxation                                                                                                      | 0.00                                  | 0.00                                 | 0.00                                  | 0.00                        | 0.00                 | 0.00                             | 0.00                                |
| 13    | Profit after taxation                                                                                                       | (0.00)                                | (0.00)                               | (0.00)                                | (0.00)                      | (0.00)               | (0.00)                           | (51.25)                             |
| 14    | Proposed Dividend                                                                                                           | 0.00                                  | 0.00                                 | 0.00                                  | 0.00                        | 0.00                 | 0.00                             | 0.00                                |
| 15    | % of shareholding                                                                                                           | 100%                                  | 100%                                 | 100%                                  | 100%                        | 100%                 | 100%                             | 55%                                 |

## MISA is a foreign subsidiary and its Local currency is SAR. Exchange rate as on March 31, 2017 : Rs. 17.29/SAR 1

## PART - B: ASSOCIATES AND JOINT VENTURES

(Rs In Crore)

| S. No. | Name of Associates/Joint Ventures                                         | Hill County Properties Limited<br>(Associate Company)                                                   | NCC-Maytas<br>(JV)              | NEC-NCC-<br>Maytas (JV) | Maytas-NCC<br>(JV) | NCC-Maytas (JV)<br>(Singapore Class<br>Township) | Maytas - CTR<br>(JV) | NCC -<br>Maytas - ZVS<br>(JV) |
|--------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------|--------------------|--------------------------------------------------|----------------------|-------------------------------|
| 1      | Latest Audited Balance Sheet Date                                         |                                                                                                         | April 1, 2016 to March 31, 2017 |                         |                    |                                                  |                      |                               |
| 2      | Date of acquiring Associates and Joint Ventures                           | 13/01/2011                                                                                              | 23/01/2002                      | 04/11/2004              | 09/07/2004         | 14/02/2003                                       | 01/09/2007           | 10/05/2007                    |
| 3.     | Shares of Associate/Joint Ventures held by the Company on the year end    |                                                                                                         |                                 |                         |                    |                                                  |                      |                               |
|        | Number                                                                    | 7,750                                                                                                   | NA                              | NA                      | NA                 | NA                                               | NA                   | NA                            |
|        | Amount of Investment in Associates/Joint Venture                          | 0.08                                                                                                    | 0.00                            | 0.00                    | 4.88               | 0.74                                             | 3.27                 | 0.16                          |
|        | Extend of Holding %                                                       | 32.00%                                                                                                  | 50.00%                          | 25.00%                  | 50.00%             | 50.00%                                           | 70.00%               | 39.69%                        |
| 4      | Description of how there is significant influence                         | Shareholding more than 20%                                                                              | Joint Venture                   | Joint Venture           | Joint Venture      | Joint Venture                                    | Joint Venture        | Joint Venture                 |
| 5      | Reason why the associate/joint venture is not consolidated                | Acquisition does not form part of business strategy to acquire and retain as long term asset/investment | NA                              | NA                      | NA                 | NA                                               | NA                   | NA                            |
| 6      | Networth attributable to Shareholding as per latest audited Balance Sheet | NA                                                                                                      | 0.06                            | (0.07)                  | 6.76               | 0.98                                             | 46.97                | 0.18                          |
| 7      | Profit/Loss for the year                                                  |                                                                                                         |                                 |                         |                    |                                                  |                      |                               |
|        | i. Considered in Consolidation                                            | NA                                                                                                      | 0.00                            | 0.00                    | 3.63               | 0.00                                             | 0.07                 | 0.25                          |
|        | ii. Not Considered in Consolidation                                       | NA                                                                                                      | 0.00                            | 0.00                    | 3.63               | 0.00                                             | 0.03                 | 0.62                          |

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**For the Financial Year ended March 31, 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

**M/s. IL&FS Engineering and Construction Company Limited**

Door No: 8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No. 2, Banjara Hills, Hyderabad – 500 033

I have conducted the secretarial audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. IL&FS Engineering and Construction Company Limited** (hereinafter referred as the “**Company**”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the “Financial Year” ended **March 31, 2017, (i.e. from April 1, 2016 to March 31, 2017)** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2017 according to the provisions of:

- A. The Companies Act, 2013 (the “Act”) and the rules made thereunder;
- B. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- D. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the financial year)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the financial year);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the financial year);

I have also examined compliance with the applicable clauses/regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Listing Agreements entered into with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

I further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis, the Company has complied with all the applicable laws

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act/Listing Regulations

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance as required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

I further report that during the financial year the Company had following events which had bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Standards etc.,

- ◆ Conducted 5 Board Meetings on May 30, 2016, August 11, 2016, October 6, 2016, November 2, 2016 and February 10, 2017
- ◆ Conducted 5 Audit Committee Meetings on May 30, 2016, August 11, 2016, November 2, 2016, February 10, 2017 and March 14, 2017
- ◆ Conducted the 27th Annual General Meeting on September 23, 2016
- ◆ Passed the following Special Resolutions through postal ballot on March 20, 2017:
  - 1) Issuance of upto 10,513,238 equity shares of Rs.10/- each fully paid on Preferential Basis
  - 2) Making investments upto SAR 30 million in Maytas Infra Saudi Arabia Company and
  - 3) Making investments under Section 186 of the Companies Act, 2013
- ◆ Issued and allotted 99,62,407 equity shares of Rs.10/- each at a premium of Rs 43.20 per share to the Promoter and Promoter Group through Preferential Issue on March 24, 2017
- ◆ Redeemed 50,00,000 (Fifty Lakhs only) 6% Optionally Convertible Cumulative Redeemable Preference Shares and 3,00,000 (Three Lakhs only) 6% Cumulative Redeemable Preference Shares of Rs. 100 each at par on March 28, 2017 and complied with the applicable provisions
- ◆ The details of appointment and resignation of directors/KMP are as follows:

(a) Details of Resignations :

| S.No. | Name                     | Designation                        | Date of Resignation |
|-------|--------------------------|------------------------------------|---------------------|
| 1     | Mr Dhananjay Mungale     | Non-Executive Independent Director | July 1, 2016        |
| 2     | Mr El Mouhtaz El Sawwaf  | Non-Executive Director             | September 1, 2016   |
| 3     | Mr Ved Jain              | Non-Executive Independent Director | September 2, 2016   |
| 4     | Mr Anil Agarwal          | Non-Executive Independent Director | September 2, 2016   |
| 5     | Ms Kanika Tandon Bhal    | Non-Executive Independent Director | September 12, 2016  |
| 6     | Ms Alpa Sheth            | Non-Executive Independent Director | September 16, 2016  |
| 7     | Mr Murli Dhar Khattar    | Managing Director                  | October 6, 2016     |
| 8     | Mr Ahmad Mohamad Dabbous | Non-Executive Director             | March 28, 2017      |

(b) Details of Appointments :

| S.No. | Name                      | Designation                        | Date of Appointment |
|-------|---------------------------|------------------------------------|---------------------|
| 1     | Mr Sushil Dudeja          | Company Secretary (KMP)            | April 4, 2016       |
| 2     | Mr Debabrata Sarkar       | Non-Executive Independent Director | August 11, 2016     |
| 3     | Mr Ganapathi Ramachandran | Non-Executive Independent Director | October 6, 2016     |
| 4     | Mr Rajiv Sarin            | Non-Executive Independent Director | October 6, 2016     |
| 5     | Ms Sutapa Banerjee        | Non-Executive Independent Director | October 6, 2016     |
| 6     | Mr Ahmad Mohamad Dabbous  | Non-Executive Director             | October 6, 2016     |
| 7     | Mr Mukund Sapre           | Managing Director (KMP)            | October 7, 2016     |
| 8     | Mr Bhaskar Chatterjee     | Non-Executive Independent Director | November 2, 2016    |

**Y. Ravi Prasada Reddy**  
Practicing Company Secretary  
FCS No. : 5783  
C P No. : 5360

Place: Hyderabad  
Date: April 12, 2017

This Report is to be read with my letter of even date which is annexed as Annexure and forms part of this report.

## Annexure

To  
The Members,

### **M/s. IL&FS Engineering and Construction Company Limited**

Door No: 8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No. 2, Banjara Hills, Hyderabad – 500 033.

My report of even date is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.,
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Y. Ravi Prasada Reddy**  
Practicing Company Secretary  
FCS No. : 5783  
C P No. : 5360

Place: Hyderabad  
Date: April 12, 2017

**Independent Auditor's Report on the Employees Stock Option Scheme 2009, as required by the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999, as amended**

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

1. This Report is issued in accordance with the terms of our service scope letter dated May 24, 2017 and master engagement agreement February 12, 2015 with IL&FS Engineering and Construction Company Limited (hereinafter the "Company")
2. As requested, we have examined the Employees Stock Option Scheme 2009 (hereinafter referred as the "Scheme") of the Company, which were approved by the then Remuneration Committee of the Board of Directors of the Company on June 28, 2012, to determine whether the Scheme is in compliance with the relevant provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999 (as amended) ("SEBI Guidelines") and in accordance with the resolutions passed in the 21st Annual General Meeting of the Company. We understand that this Certificate is required to be placed by the Company at its ensuing Annual General Meeting as stipulated in the SEBI Guidelines in respect of the scheme

**Management's Responsibility**

3. Management is responsible for:
  - i. Maintaining the information and documents, which are required to be kept and maintained under the relevant laws and regulations
  - ii. Implementing the Scheme in accordance with the SEBI Guidelines and the resolutions passed at the 21st Annual General Meeting of the Company
  - iii. Establishing and maintaining effective internal control for properly recording the information related to the scheme in the records maintained by the Company

**Auditor's Responsibility**

4. Pursuant to this, our responsibility is to express reasonable assurance in the form of an opinion whether the Company has implemented the Scheme in accordance with the provisions of the SEBI Guidelines and in accordance with the resolutions passed in the 21st Annual General Meeting of the Company
5. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. In this connection, we have performed the following procedures:
  - i. Read the copy of the Scheme, provided to us by the Company, to examine the compliance by the Company with the provisions of the SEBI Guidelines
  - ii. Read the shareholders' resolution passed in the 21st Annual General Meeting held on November 09, 2009 noting the approval accorded to management to issue employee stock options to the employees and directors of the Company
  - iii. Obtained necessary representations from management
6. We have not updated our procedures for events beyond March 31, 2017 and accordingly do not comment upon changes if any, beyond that date
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements

**Opinion**

9. Based on our examination, as above, in our opinion, the Company has implemented the Scheme in accordance with the provisions of the SEBI Guidelines and in accordance with the resolution passed in the 21st Annual General Meeting of the Members of the Company held on November 9, 2009

**Restriction on use**

10. This report is intended solely for your information and in connection with the purpose mentioned in Paragraph 2 above, and is not to be used or referred to for any other purpose or distributed to anyone. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing

Yours faithfully,

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership No: 093649

Place: Mumbai

Date : May 29, 2017

## Form No. MGT-9

# EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

|       |                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
|-------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------|--------------------------|----|---------------|--------------------------|----|--------------------|--------------------------|----|-------------------------------|--------------------------|----|------|--------------------------|----|-------------------|--------------------------|----|-------------------|--------------------------|----|-------------------|--------------------------|----|------------------------------|-------------------------------------|-----|----------------------------------|--------------------------|-----|------------------------------------|--------------------------|
| i)    | CIN                                                                       | L45201AP1988PLC008624                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| ii)   | Registration Date                                                         | May 6, 1988                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| iii)  | Name of the Company                                                       | IL&FS Engineering and Construction Company Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| iv)   | Category [Pl. Tick]                                                       | Public Company <input checked="" type="checkbox"/><br>Private Company <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| v)    | Sub-Category of the Company                                               | <table border="1"> <tr><td>1.</td><td>Government company</td><td><input type="checkbox"/></td></tr> <tr><td>2.</td><td>Small Company</td><td><input type="checkbox"/></td></tr> <tr><td>3.</td><td>One Person Company</td><td><input type="checkbox"/></td></tr> <tr><td>4.</td><td>Subsidiary of Foreign Company</td><td><input type="checkbox"/></td></tr> <tr><td>5.</td><td>NBFC</td><td><input type="checkbox"/></td></tr> <tr><td>6.</td><td>Guarantee Company</td><td><input type="checkbox"/></td></tr> <tr><td>7.</td><td>Limited by Shares</td><td><input type="checkbox"/></td></tr> <tr><td>8.</td><td>Unlimited Company</td><td><input type="checkbox"/></td></tr> <tr><td>9.</td><td>Company having share capital</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>10.</td><td>Company not having share capital</td><td><input type="checkbox"/></td></tr> <tr><td>11.</td><td>Company Registered under Section 8</td><td><input type="checkbox"/></td></tr> </table> | 1. | Government company | <input type="checkbox"/> | 2. | Small Company | <input type="checkbox"/> | 3. | One Person Company | <input type="checkbox"/> | 4. | Subsidiary of Foreign Company | <input type="checkbox"/> | 5. | NBFC | <input type="checkbox"/> | 6. | Guarantee Company | <input type="checkbox"/> | 7. | Limited by Shares | <input type="checkbox"/> | 8. | Unlimited Company | <input type="checkbox"/> | 9. | Company having share capital | <input checked="" type="checkbox"/> | 10. | Company not having share capital | <input type="checkbox"/> | 11. | Company Registered under Section 8 | <input type="checkbox"/> |
| 1.    | Government company                                                        | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 2.    | Small Company                                                             | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 3.    | One Person Company                                                        | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 4.    | Subsidiary of Foreign Company                                             | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 5.    | NBFC                                                                      | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 6.    | Guarantee Company                                                         | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 7.    | Limited by Shares                                                         | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 8.    | Unlimited Company                                                         | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 9.    | Company having share capital                                              | <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 10.   | Company not having share capital                                          | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| 11.   | Company Registered under Section 8                                        | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| vi)   | Address of the Registered office and contact details                      | Door No.8-2-120/113/3/4F, Sanali Info Park,<br>Cyber Towers, Road No. 2, Banjara Hills,<br>Hyderabad - 500 033<br><br>040-40409333<br>cs@ilfsengg.com                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| vii)  | Whether listed company                                                    | Yes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |
| viii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Computershare Private Limited<br>Karvy Selenium Tower B, Plot No. 31-32,<br>Gachibowli, Financial District, Nanakramguda,<br>Hyderabad - 500 032                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    |                    |                          |    |               |                          |    |                    |                          |    |                               |                          |    |      |                          |    |                   |                          |    |                   |                          |    |                   |                          |    |                              |                                     |     |                                  |                          |     |                                    |                          |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service                                      | % to total turnover of the company |
|---------|--------------------------------------------------|-----------------------------------------------------------------------|------------------------------------|
| 1       | Civil Works and Contracts                        | Serial No.C-5, Division 50, Group 501 to 505 and others as applicable | 100%                               |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company                                                                                                                | CIN/GLN               | Holding/ Subsidiary /Associate | % of shares held | Applicable Section under Companies Act, 2013 |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------|------------------|----------------------------------------------|
| 1.      | Angeerasa Greenfields Private Limited<br>Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033 | U01119TG2008PTC057703 | Subsidiary                     | 100%             | 2 (87)                                       |
| 2.      | Ekadanta Greenfields Private Limited<br>Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033  | U01403TG2008PTC060184 | Subsidiary                     | 100%             | 2 (87)                                       |
| 3.      | Saptaswara Agro-Farms Private Limited<br>Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033 | U01111TG2008PTC059106 | Subsidiary                     | 100%             | 2 (87)                                       |
| 4.      | Maytas Infra Assets Limited<br>Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033           | U45200AP2008PLC057554 | Subsidiary                     | 100%             | 2 (87)                                       |
| 5.      | Maytas Metro Limited<br>Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033                  | U74900AP2008PLC060919 | Subsidiary                     | 99.99%           | 2 (87)                                       |
| 6.      | Maytas Vasishta Varadhi Limited<br>Door No.8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad-500 033       | U45200TG2008PLC058925 | Subsidiary                     | 100%             | 2 (87)                                       |
| 7.      | Maytas Infra Saudi Arabia Company*<br>5th floor, Wessal Building-7575, Madinah Road, Jeddah- 21593, Post Box- 53707                            | NA                    | Subsidiary                     | 55%              | 2(87)                                        |
| 8.      | Hill County Properties Ltd.<br>Hill County, Bachupally, Hyderabad- 500 072                                                                     | U45200AP2005PLC046307 | Associate Company              | 32%              | 2(6)                                         |

\*Subsidiary incorporated outside India

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year<br>(As on March 31, 2016) |          |                   |                   | No. of Shares held at the end of the year<br>(As on March 31, 2017) |          |                   |                   | % Change during the year |
|--------------------------|---------------------------------------------------------------------------|----------|-------------------|-------------------|---------------------------------------------------------------------|----------|-------------------|-------------------|--------------------------|
|                          | Demat                                                                     | Physical | Total             | % of Total Shares | Demat                                                               | Physical | Total             | % of Total Shares |                          |
| <b>A. Promoter</b>       |                                                                           |          |                   |                   |                                                                     |          |                   |                   |                          |
| (1) Indian               |                                                                           |          |                   |                   |                                                                     |          |                   |                   |                          |
| a) Individual/ HUF       | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| b) Central Govt          | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| c) State Govt(s)         | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| d) Bodies Corp           | 45,438,477                                                                | 0        | 45,438,477        | 37.50             | 55,400,884                                                          | 0        | 55,400,884        | 42.25             | 4.75                     |
| e) Banks / FI            | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| f) Any Other             | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| <b>Sub-total(A)(1):-</b> | <b>45,438,477</b>                                                         | <b>0</b> | <b>45,438,477</b> | <b>37.50</b>      | <b>55,400,884</b>                                                   | <b>0</b> | <b>55,400,884</b> | <b>42.25</b>      | <b>4.75</b>              |
| (2) Foreign              |                                                                           |          |                   |                   |                                                                     |          |                   |                   |                          |
| a) NRIs-Individuals      | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| b) Other-Individuals     | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| c) Bodies Corp.          | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| d) Banks / FI            | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| e) Any Other....         | 0                                                                         | 0        | 0                 | 0                 | 0                                                                   | 0        | 0                 | 0                 | 0                        |
| <b>Sub-total(A)(2):-</b> | <b>0</b>                                                                  | <b>0</b> | <b>0</b>          | <b>0</b>          | <b>0</b>                                                            | <b>0</b> | <b>0</b>          | <b>0</b>          | <b>0</b>                 |

|                                                                                   |                    |                  |                    |               |                    |                  |                    |               |               |
|-----------------------------------------------------------------------------------|--------------------|------------------|--------------------|---------------|--------------------|------------------|--------------------|---------------|---------------|
| <b>B. Public Shareholding</b>                                                     |                    |                  |                    |               |                    |                  |                    |               |               |
| 1. Institutions                                                                   |                    |                  |                    |               |                    |                  |                    |               |               |
| a) Mutual Funds                                                                   | 573                | 0                | 573                | 0.00          | 0                  | 0                | 0                  | 0.00          | (0.00)        |
| b) Banks / FI                                                                     | 13,208,800         | 0                | 13,208,800         | 10.90         | 13,092,860         | 0                | 13,092,860         | 9.99          | (0.99)        |
| c) Central Govt                                                                   | 0                  | 0                | 0                  | 0.00          | 0                  | 0                | 0                  | 0.00          | 0.00          |
| d) State Govt(s)                                                                  | 0                  | 0                | 0                  | 0.00          | 0                  | 0                | 0                  | 0.00          | 0.00          |
| e) Venture Capital Funds                                                          | 0                  | 0                | 0                  | 0.00          | 0                  | 0                | 0                  | 0.00          | 0.00          |
| f) Insurance Companies                                                            | 0                  | 0                | 0                  | 0.00          | 0                  | 0                | 0                  | 0.00          | 0.00          |
| g) FIs                                                                            | 360                | 0                | 360                | 0.00          | 0                  | 0                | 0                  | 0.00          | (0.00)        |
| h) Foreign Venture Capital Funds                                                  | 0                  | 0                | 0                  | 0.00          | 0                  | 0                | 0                  | 0.00          | 0.00          |
| l) Others (specify)                                                               | 0                  | 0                | 0                  | 0.00          | 0                  | 0                | 0                  | 0.00          | 0.00          |
| <b>Sub-total (B)(1)</b>                                                           | <b>13,209,733</b>  | <b>0</b>         | <b>13,209,733</b>  | <b>10.90</b>  | <b>13,092,860</b>  | <b>0</b>         | <b>13,092,860</b>  | <b>9.99</b>   | <b>(0.91)</b> |
| 2. Non Institutions                                                               |                    |                  |                    |               |                    |                  |                    |               |               |
| a) Bodies Corp.                                                                   |                    |                  |                    |               |                    |                  |                    |               |               |
| (i) Indian                                                                        | 12,307,919         | 0                | 12,307,919         | 10.16         | 12,455,555         | 0                | 12,455,555         | 9.50          | (0.66)        |
| (ii) Overseas                                                                     | 36,538,477         | 0                | 36,538,477         | 30.16         | 36,538,477         | 0                | 36,538,477         | 27.87         | (2.29)        |
| b) Individuals                                                                    |                    |                  |                    |               |                    |                  |                    |               |               |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         | 6,689,431          | 1,231            | 6,690,662          | 5.52          | 6,717,081          | 1,231            | 6,718,312          | 5.12          | (0.4)         |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 3,730,197          | 2,812,000        | 6,542,197          | 5.40          | 3,692,732          | 2,812,000        | 6,504,732          | 4.96          | (0.44)        |
| c) Others (Specify)                                                               |                    |                  |                    |               |                    |                  |                    |               |               |
| Clearing Members                                                                  | 37,145             | 0                | 37,145             | 0.03          | 81,426             | 0                | 81,426             | 0.06          | 0.03          |
| Non Resident Indians                                                              | 384,711            | 0                | 384,711            | 0.32          | 326,432            | 0                | 267,765            | 0.20          | (0.12)        |
| Trusts                                                                            | 3,250              | 0                | 3,250              | 0.00          | 2,000              | 0                | 2,000              | 0.00          | 0.00          |
| NBFCs Registered with RBI                                                         | 6,100              | 0                | 6,100              | 0.01          | 400                | 0                | 400                | 0             | (0.01)        |
| <b>Sub-total (B)(2)</b>                                                           | <b>59,697,230</b>  | <b>2,813,231</b> | <b>62,510,461</b>  | <b>51.59</b>  | <b>59,814,103</b>  | <b>2,813,231</b> | <b>62,627,334</b>  | <b>47.76</b>  | <b>(3.83)</b> |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                                | <b>72,906,963</b>  | <b>2,813,231</b> | <b>75,720,194</b>  | <b>62.50</b>  | <b>72,906,963</b>  | <b>2,813,231</b> | <b>75,720,194</b>  | <b>57.75</b>  | <b>(4.75)</b> |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                            | <b>0</b>           | <b>0</b>         | <b>0</b>           | <b>0</b>      | <b>0</b>           | <b>0</b>         | <b>0</b>           | <b>0</b>      | <b>0</b>      |
| <b>Grand Total (A+B+C)</b>                                                        | <b>118,345,440</b> | <b>2,813,231</b> | <b>121,158,671</b> | <b>100.00</b> | <b>128,307,847</b> | <b>2,813,231</b> | <b>131,121,078</b> | <b>100.00</b> | <b>0.00</b>   |

ii. Shareholding of Promoters

| Sr. No. | Shareholder's Name                                    | Shareholding at the beginning of the year |                                  |                                                   | Shareholding at the end of the year |                                  |                                                   | % change in share holding during the year |
|---------|-------------------------------------------------------|-------------------------------------------|----------------------------------|---------------------------------------------------|-------------------------------------|----------------------------------|---------------------------------------------------|-------------------------------------------|
|         |                                                       | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbe red to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbe red to total shares |                                           |
| 1       | Infrastructure Leasing and Financial Services Limited | 22,505,040                                | 18.57                            | 0.00                                              | 27,486,243                          | 20.96                            | 0.00                                              | 2.39                                      |
| 2       | IL&FS Financial Services Limited                      | 22,933,437                                | 18.93                            | 0.00                                              | 27,914,641                          | 21.29                            | 0.00                                              | 2.36                                      |
|         | <b>Total</b>                                          | <b>45,438,477</b>                         | <b>37.50</b>                     | <b>0.00</b>                                       | <b>55,400,884</b>                   | <b>42.25</b>                     | <b>0.00</b>                                       | <b>4.75</b>                               |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Particulars                  | Shareholding at the beginning of the year |                                  | Date of change in shareholding | Increase/ Decrease in shareholding | Reason for Increase/ Decrease | Cumulative Shareholding during the year |                                  |
|------------------------------|-------------------------------------------|----------------------------------|--------------------------------|------------------------------------|-------------------------------|-----------------------------------------|----------------------------------|
|                              | No. of shares                             | % of total shares of the company |                                |                                    |                               | No. of shares                           | % of total shares of the company |
| At the beginning of the year | 45,438,477                                | 37.50                            | March 24, 2017                 | 9,962,407                          | Allotment                     | 55,400,884                              | 42.25                            |
| At the End of the year       | 55,400,884                                | 42.25                            | -                              | -                                  | -                             | 55,400,884                              | 42.25                            |

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, promoters and holders of GDRs and ADRs)

| Sr. No. | Name of the Shareholders                                    | Shareholding at the beginning and at the end of the year |                                  | Date of change in share holding | Increase/ Decrease in share holding | Reason for increase/ Decrease | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------------------------------|----------------------------------------------------------|----------------------------------|---------------------------------|-------------------------------------|-------------------------------|-----------------------------------------|----------------------------------|
|         |                                                             | No. of shares                                            | % of total shares of the company |                                 |                                     |                               | No. of shares                           | % of total shares of the company |
| 1.      | <b>SBG Projects Investments Limited</b>                     |                                                          |                                  |                                 |                                     |                               |                                         |                                  |
|         | At the beginning of the year                                | 36,538,477                                               | 30.16                            | -                               | -                                   | -                             | 36,538,477                              | 30.16                            |
|         | Date wise increase/decrease in shareholding during the year | -                                                        | -                                | -                               | -                                   | -                             | -                                       | -                                |
|         | At the End of the year                                      | 36,538,477                                               | 27.87                            | -                               | -                                   | -                             | 36,538,477                              | 27.87*                           |
| 2.      | <b>ICICI Bank Ltd.</b>                                      |                                                          |                                  |                                 |                                     |                               |                                         |                                  |
|         | At the beginning of the year                                | 5,990,531                                                | 4.94                             | -                               | -                                   | -                             | 5,990,531                               | 4.94                             |
|         | Date wise increase/decrease in shareholding during the year | -                                                        | -                                | 08/04/2016                      | -526                                | Sale                          | 5,990,005                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 22/04/2016                      | -1139                               | Sale                          | 5,988,866                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 29/04/2016                      | 970                                 | Purchase                      | 5,989,836                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 06/05/2016                      | 2000                                | Purchase                      | 5,991,836                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 13/05/2016                      | -55                                 | Sale                          | 5,991,781                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 27/05/2016                      | 60                                  | Purchase                      | 5,991,841                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 03/06/2016                      | -2869                               | Sale                          | 5,988,972                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 10/06/2016                      | 131                                 | Purchase                      | 5,989,103                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 24/06/2016                      | 22221                               | Purchase                      | 6,011,324                               | 4.96                             |
|         |                                                             | -                                                        | -                                | 01/07/2016                      | -15624                              | Sale                          | 5,995,700                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 08/07/2016                      | -2005                               | Sale                          | 5,993,695                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 15/07/2016                      | -7289                               | Sale                          | 5,986,406                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 29/07/2016                      | -3314                               | Sale                          | 5,983,092                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 05/08/2016                      | 30269                               | Purchase                      | 6,013,361                               | 4.96                             |
|         |                                                             | -                                                        | -                                | 12/08/2016                      | -29945                              | Sale                          | 5,983,416                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 19/08/2016                      | -1                                  | Sale                          | 5,983,415                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 02/09/2016                      | 246                                 | Purchase                      | 5,983,661                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 09/09/2016                      | 193                                 | Purchase                      | 5,983,854                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 16/09/2016                      | -199                                | Sale                          | 5,983,655                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 23/09/2016                      | 181                                 | Purchase                      | 5,983,836                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 30/09/2016                      | -512                                | Sale                          | 5,983,324                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 07/10/2016                      | 8808                                | Purchase                      | 5,992,132                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 21/10/2016                      | -386                                | Sale                          | 5,991,746                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 28/10/2016                      | 6                                   | Purchase                      | 5,991,752                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 04/11/2016                      | -820                                | Sale                          | 5,990,932                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 11/11/2016                      | -5727                               | Sale                          | 5,985,205                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 18/11/2016                      | 81                                  | Purchase                      | 5,985,286                               | 4.94                             |
|         |                                                             | -                                                        | -                                | 25/11/2016                      | 9885                                | Purchase                      | 5,995,171                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 02/12/2016                      | -150                                | Sale                          | 5,995,021                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 09/12/2016                      | 959                                 | Purchase                      | 5,995,980                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 16/12/2016                      | 309                                 | Purchase                      | 5,996,289                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 23/12/2016                      | 170                                 | Purchase                      | 5,996,459                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 30/12/2016                      | 6731                                | Purchase                      | 6,003,190                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 06/01/2017                      | 2533                                | Purchase                      | 6,005,723                               | 4.96                             |
|         |                                                             | -                                                        | -                                | 20/01/2017                      | 10598                               | Purchase                      | 6,016,321                               | 4.97                             |
|         |                                                             | -                                                        | -                                | 27/01/2017                      | -10182                              | Sale                          | 6,006,139                               | 4.96                             |
|         |                                                             | -                                                        | -                                | 03/02/2017                      | -3000                               | Sale                          | 6,003,139                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 10/02/2017                      | -66                                 | Sale                          | 6,003,073                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 17/02/2017                      | 3956                                | Purchase                      | 6,007,029                               | 4.96                             |
|         |                                                             | -                                                        | -                                | 24/02/2017                      | -4267                               | Sale                          | 6,002,762                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 03/03/2017                      | -67                                 | Sale                          | 6,002,695                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 10/03/2017                      | 68                                  | Purchase                      | 6,002,763                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 17/03/2017                      | 472                                 | Purchase                      | 6,003,235                               | 4.95                             |
|         |                                                             | -                                                        | -                                | 24/03/2017                      | 3499                                | Purchase                      | 6,006,734                               | 4.58*                            |
|         |                                                             | -                                                        | -                                | 31/03/2017                      | 30000                               | Purchase                      | 6,036,734                               | 4.60*                            |
|         |                                                             | -                                                        | -                                | 31/03/2017                      | -124471                             | Sale                          | 5,912,263                               | 4.51*                            |
|         | At the end of the year                                      | 5,912,263                                                | 4.51                             | -                               | -                                   | -                             | 5,912,263                               | 4.51*                            |

|                                                             |           |      |   |   |   |           |       |  |
|-------------------------------------------------------------|-----------|------|---|---|---|-----------|-------|--|
| <b>3. SNR Investments Private Limited</b>                   |           |      |   |   |   |           |       |  |
| At the beginning of the year                                | 5,250,000 | 4.33 | - | - | - | 5,250,000 | 4.33  |  |
| Date wise increase/decrease in shareholding during the year | -         | -    | - | - | - | -         | -     |  |
| At the End of the year                                      | 5,250,000 | 4.00 | - | - | - | 5,250,000 | 4.00* |  |
| <b>4 VeeYes Investments Private Limited</b>                 |           |      |   |   |   |           |       |  |
| At the beginning of the year                                | 5,250,000 | 4.33 | - | - | - | 5,250,000 | 4.33  |  |
| Date wise increase/decrease in shareholding during the year | -         | -    | - | - | - | -         | -     |  |
| At the End of the year                                      | 5,250,000 | 4.00 | - | - | - | 5,250,000 | 4.00* |  |
| <b>5 State Bank of India</b>                                |           |      |   |   |   |           |       |  |
| At the beginning of the year                                | 1,901,029 | 1.57 | - | - | - | 1,901,029 | 1.57  |  |
| Date wise increase/decrease in shareholding during the year | -         | -    | - | - | - | -         | -     |  |
| At the End of the year                                      | 1,901,029 | 1.45 | - | - | - | 1,901,029 | 1.45* |  |
| <b>6. IDBI Bank Limited</b>                                 |           |      |   |   |   |           |       |  |
| At the beginning of the year                                | 1,589,590 | 1.31 | - | - | - | 1,589,590 | 1.31  |  |
| Date wise increase/decrease in shareholding during the year | -         | -    | - | - | - | -         | -     |  |
| At the End of the year                                      | 1,589,590 | 1.21 | - | - | - | 1,589,590 | 1.21* |  |
| <b>7. B. Teja Raju</b>                                      |           |      |   |   |   |           |       |  |
| At the beginning of the year                                | 1,490,000 | 1.16 | - | - | - | 1,490,000 | 1.16  |  |
| Date wise increase/decrease in shareholding during the year | -         | -    | - | - | - | -         | -     |  |
| At the End of the year                                      | 1,490,000 | 1.14 | - | - | - | 1,490,000 | 1.14* |  |
| <b>8. State Bank of Hyderabad</b>                           |           |      |   |   |   |           |       |  |
| At the beginning of the year                                | 1,406,399 | 1.16 | - | - | - | 1,406,399 | 1.16  |  |
| Date wise increase/decrease in shareholding during the year | -         | -    | - | - | - | -         | -     |  |
| At the End of the year                                      | 1,406,399 | 1.07 | - | - | - | 1,406,399 | 1.07* |  |
| <b>9. Allahabad Bank</b>                                    |           |      |   |   |   |           |       |  |
| At the beginning of the year                                | 1,179,042 | 0.97 | - | - | - | 1,179,042 | 0.97  |  |
| Date wise increase/decrease in shareholding during the year | -         | -    | - | - | - | -         | -     |  |
| At the End of the year                                      | 1,179,042 | 0.90 | - | - | - | 1,179,042 | 0.90* |  |
| <b>10. B. Ramalinga Raju HUF</b>                            |           |      |   |   |   |           |       |  |
| At the beginning of the year                                | 662,500   | 0.55 | - | - | - | 662,500   | 0.55  |  |
| Date wise increase/decrease in shareholding during the year | -         | -    | - | - | - | -         | -     |  |
| At the End of the year                                      | 662,500   | 0.51 | - | - | - | 662,500   | 0.51* |  |

\*Decrease in percentage of shareholding is due to issuance of 9,962,407 equity shares on March 24, 2017 to Promoter and Promoter Group on preferential basis

v. Shareholding of Directors and Key Managerial Personnel (KMP):

| Sr. No. | Name of the Directors and KMP                     | Shareholding at the beginning of the year |                                  | Date of change in shareholding | Increase / Decrease in shareholding | Reason for increase / Decrease | Cumulative Shareholding during the year |                                  |
|---------|---------------------------------------------------|-------------------------------------------|----------------------------------|--------------------------------|-------------------------------------|--------------------------------|-----------------------------------------|----------------------------------|
|         |                                                   | No. of shares                             | % of Total Shares of the Company |                                |                                     |                                | No. of shares                           | % of Total Shares of the Company |
| 1.      | Karunakaran Ramchand Chairman                     |                                           |                                  |                                |                                     |                                |                                         |                                  |
|         | At the beginning of the year                      | 40,000                                    | 0.03                             | -                              | -                                   | -                              | 40,000                                  | 0.03                             |
|         | At the end of the year                            | 40,000                                    | 0.03                             | -                              | -                                   | -                              | 40,000                                  | 0.03                             |
| 2.      | Murli Dhar Khattar* Managing Director             |                                           |                                  |                                |                                     |                                |                                         |                                  |
|         | At the beginning of the year                      | 70,000                                    | 0.06                             | -                              | -                                   | -                              | 70,000                                  | 0.05                             |
|         | At the end of the year                            | 70,000                                    | 0.06                             | -                              | -                                   | -                              | 70,000                                  | 0.05                             |
| 3.      | Dr. Sambhu Nath Mukherjee Chief Financial Officer |                                           |                                  |                                |                                     |                                |                                         |                                  |
|         | At the beginning of the year                      | 12,250                                    | 0.01                             | -                              | -                                   | -                              | 12,250                                  | 0.01                             |
|         | At the end of the year                            | 12,250                                    | 0.01                             | -                              | -                                   | -                              | 12,250                                  | 0.01                             |

\*Managing Director of the Company till October 6, 2016

**V. Indebtedness of the Company including interest outstanding/accrued but not due for payment**

Rs in Crores

|                                                            | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|------------------------------------------------------------|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                       |
| i) Principal Amount                                        | 1928                                | 21                 | -        | 1,949                 |
| ii) Interest due but not paid                              | 11                                  | -                  | -        | 11                    |
| iii) Interest accrued but not due                          | 263                                 | -                  | -        | 263                   |
| <b>Total (i+ii+iii)</b>                                    | <b>2202</b>                         | <b>21</b>          | <b>-</b> | <b>2,223</b>          |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |          |                       |
| Addition- Principal                                        | 175                                 | 50                 | -        | 225                   |
| Reduction- Principal                                       | 161                                 | 21                 | -        | 182                   |
| Addition- Interest                                         | 279                                 | 3                  | -        | 282                   |
| Reduction-Interest                                         | 122                                 | 2                  | -        | 124                   |
| Net Change                                                 | 171                                 | 30                 | -        | 201                   |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |          |                       |
| i) Principal Amount                                        | 1,942                               | 50                 | -        | 1,992                 |
| ii) Interest due but not paid                              | 22                                  | -                  | -        | 22                    |
| iii) Interest accrued but not due                          | 409                                 | 1                  | -        | 410                   |
| <b>Total (i+ii+iii)</b>                                    | <b>2,373</b>                        | <b>51</b>          | <b>-</b> | <b>2,424</b>          |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

| Sl. No. | Particulars of Remuneration                                                     | Mr. MD Khattar<br>Managing Director<br>(upto October 6, 2016) | Mr. Mukund Sapre<br>Managing Director<br>(wef October 7, 2016) | Total<br>Amount<br>(in Rs.) |
|---------|---------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------|-----------------------------|
| 1.      | Gross salary                                                                    |                                                               |                                                                |                             |
| (a)     | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 67,31,399*                                                    | Nil**                                                          | 67,31,399                   |
| (b)     | Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                                                             | -                                                              | -                           |
| (c)     | Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -                                                             | -                                                              | -                           |
| 2.      | Stock Option                                                                    | -                                                             | -                                                              | -                           |
| 3.      | Sweat Equity                                                                    | -                                                             | -                                                              | -                           |
| 4.      | Commission<br>- as % of profit<br>- others, specify...                          | -<br>-                                                        | -<br>-                                                         | -<br>-                      |
| 5.      | Others<br><br>Sitting Fees                                                      | -<br>-                                                        | -<br>130,000                                                   | -<br>130,000                |
| 6.      | <b>Total (A)</b>                                                                | <b>67,31,399*</b>                                             | <b>130,000</b>                                                 | <b>68,61,399</b>            |
|         | Ceiling as per the Act                                                          | 2,58,71,380***                                                |                                                                |                             |

\*Excluding Service Tax

\*\*As per the terms of appointment of Mr Mukund Sapre as Managing Director of the Company, Mr Sapre will not draw any salary from the Company except sitting fees for attending the meeting of Board of Directors and/or Committees thereof

\*\*\*Calculated on the basis of effective capital of the Company in terms of the provisions of Section 197 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013

**B. Remuneration to other directors:**

| Sl. No. | Particulars of Remuneration                                                                                               | Name of the Directors |                            |                                   |                       |                             |                                  |                                |                            |                                    |                               |                                     |                              |                           |                                  | Total Amount (in Rs.) |
|---------|---------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------|-----------------------------------|-----------------------|-----------------------------|----------------------------------|--------------------------------|----------------------------|------------------------------------|-------------------------------|-------------------------------------|------------------------------|---------------------------|----------------------------------|-----------------------|
|         |                                                                                                                           | Ramchand Karunakran   | Saleh Mohammad A Bin Laden | El Mounhtaz El Sawaf <sup>1</sup> | Ved Jain <sup>2</sup> | Anil K Agarwal <sup>2</sup> | Dhananjay N Mungale <sup>3</sup> | Alpa Ramesh Sheth <sup>4</sup> | Kanika T Bhal <sup>5</sup> | Ahmad Mohamad Dabbous <sup>6</sup> | Debabrata Sarkar <sup>7</sup> | Ganapathi Ramachandran <sup>8</sup> | Sutapa Banerjee <sup>9</sup> | Rajiv Sarin <sup>10</sup> | Bhaskar Chatterjee <sup>11</sup> |                       |
| 1       | Independent Directors<br>· Fee for attending board committee meetings<br>· Commission<br>· Others, please specify         | NA<br>NA<br>NA        | NA<br>NA<br>NA             | NA<br>NA<br>NA                    | -<br>-<br>-           | -<br>-<br>-                 | -<br>-<br>-                      | 20,000<br>-<br>-               | -<br>-<br>-                | NA<br>NA<br>NA                     | 190,000<br>-<br>-             | 190,000<br>-<br>-                   | 150,000<br>-<br>-            | 120,000<br>-<br>-         | 60,000<br>-<br>-                 | 730,000<br>-<br>-     |
|         | <b>Total (1)</b>                                                                                                          | <b>NA</b>             | <b>NA</b>                  | <b>NA</b>                         | <b>-</b>              | <b>-</b>                    | <b>-</b>                         | <b>20,000</b>                  | <b>-</b>                   | <b>NA</b>                          | <b>190,000</b>                | <b>190,000</b>                      | <b>150,000</b>               | <b>120,000</b>            | <b>60,000</b>                    | <b>730,000</b>        |
| 2       | Other Non-Executive Directors<br>· Fee for attending board committee meetings<br>· Commission<br>· Others, please specify | 160,000<br>-<br>-     | -<br>-<br>-                | -<br>-<br>-                       | NA<br>NA<br>NA        | NA<br>NA<br>NA              | NA<br>NA<br>NA                   | NA<br>NA<br>NA                 | NA<br>NA<br>NA             | -<br>-<br>-                        | NA<br>NA<br>NA                | NA<br>NA<br>NA                      | NA<br>NA<br>NA               | NA<br>NA<br>NA            | NA<br>NA<br>NA                   | 1,60,000<br>-<br>-    |
|         | <b>Total (2)</b>                                                                                                          | <b>160,000</b>        | <b>-</b>                   | <b>-</b>                          | <b>-</b>              | <b>-</b>                    | <b>-</b>                         | <b>NA</b>                      | <b>-</b>                   | <b>-</b>                           | <b>NA</b>                     | <b>NA</b>                           | <b>NA</b>                    | <b>NA</b>                 | <b>NA</b>                        | <b>1,60,000</b>       |
|         | <b>Total Managerial Remuneration (1 +2)</b>                                                                               | <b>160,000</b>        | <b>-</b>                   | <b>-</b>                          | <b>-</b>              | <b>-</b>                    | <b>-</b>                         | <b>20,000</b>                  | <b>-</b>                   | <b>-</b>                           | <b>190,000</b>                | <b>190,000</b>                      | <b>150,000</b>               | <b>120,000</b>            | <b>60,000</b>                    | <b>8,90,000</b>       |
|         | Overall Ceiling as per the Act                                                                                            | NA                    |                            |                                   |                       |                             |                                  |                                |                            |                                    |                               |                                     |                              |                           |                                  |                       |

<sup>1</sup>Resigned wef September 1, 2016

<sup>2</sup>Resigned wef September 2, 2016

<sup>3</sup>Resigned wef July 1, 2016

<sup>4</sup>Resigned wef September 16, 2016

<sup>5</sup>Resigned wef September 12, 2016

<sup>6</sup>Appointed wef October 6, 2016 and resigned on March 28, 2016

<sup>7</sup>Appointed wef August 11, 2016

<sup>8</sup>Appointed wef October 6, 2016

<sup>9</sup>Appointed wef October 6, 2016

<sup>10</sup>Appointed wef October 6, 2016 and expired on May 11, 2017

<sup>11</sup>Appointed wef November 2, 2016

C. Remuneration to Key Managerial Personnel Other Than MD /Manager / WTD

| Sl. No. | Particulars of Remuneration                                                     | Key Managerial Personnel |                    |                  |
|---------|---------------------------------------------------------------------------------|--------------------------|--------------------|------------------|
|         |                                                                                 | Company Secretary*       | CFO                | Total            |
| 1.      | Gross salary                                                                    |                          |                    |                  |
| a.      | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 2,670,975                | 7,043,400**        | 9,714,375        |
| b.      | Value of perquisites u/s 17(2) Income - Tax Act, 1961                           | -                        | -                  | -                |
| c.      | Profits in lieu of salary under section 17(3) Income - Tax Act, 1961            | -                        | -                  | -                |
| 2.      | Stock Option                                                                    | -                        | -                  | -                |
| 3.      | Sweat Equity                                                                    | -                        | -                  | -                |
| 4.      | Commission                                                                      |                          |                    |                  |
| -       | as % of profit                                                                  | -                        | -                  | -                |
| -       | others, specify                                                                 | -                        | -                  | -                |
| 5.      | Others :                                                                        |                          |                    |                  |
|         | Leave Encashment                                                                | -                        | -                  | -                |
|         | Gratuity                                                                        | -                        | -                  | -                |
|         | <b>Total</b>                                                                    | <b>2,670,975</b>         | <b>7,043,400**</b> | <b>9,714,375</b> |

\*Appointed wef April 4, 2016

\*\*Professional fees excluding service tax

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

## Annexure 6

The ratio of the remuneration of each directors to the median employee's remuneration and other details in terms of sub-section (12) of the Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Sl.No. | Requirements                                                                                                                                                                                                                                                                                                                                       | Disclosure                                                                                                     |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| 1.     | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year                                                                                                                                                                                                                   | Managing Director - 10.05X*                                                                                    |
| 2.     | The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year                                                                                                                                                                                            | Managing Director – Nil<br>Chief Financial Officer – Nil<br>Company Secretary – NA (Appointed during the Year) |
| 3.     | The percentage increase in the median remuneration of employees in the financial year                                                                                                                                                                                                                                                              | -2.37%                                                                                                         |
| 4.     | The number of permanent employees on the rolls of the Company                                                                                                                                                                                                                                                                                      | There were 829 employees on the rolls of the Company as on March 31, 2017                                      |
| 5.     | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | There was no increase in the salary for the Financial Year 2016-2017                                           |
| 6.     | Affirmation that the remuneration is as per the managerial remuneration policy of the Company                                                                                                                                                                                                                                                      | Affirmed                                                                                                       |

\*Mr Murl Dhar Khattar, Managing Director was paid an amount of Rs 6,731,399 (excluding Service Tax) upto October 6, 2016 thereafter, Mr Mukund Sapre, Managing Director is not drawing any remuneration as per his terms of appointment w.e.f. October 7, 2016

**DETAILS OF TOP TEN EMPLOYEE IN TERMS OF REMUNERATION DURING FY 2017 (including Employer contribution towards PF)**

| Name of the Employee         | Designation                                                              | Remuneration received (CTC in Rs.) (FY:2016-17) | Nature (Contract/ Permanent) | Qualification & Experience                         | Date of Commencement of Employment | Date of Exit of Employment (if any) | Age of Employee (in Years) | Last Employment held before joining the company    | No. of Equity Shares Held | Whether relative of Director |
|------------------------------|--------------------------------------------------------------------------|-------------------------------------------------|------------------------------|----------------------------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------------------------------|---------------------------|------------------------------|
| Mr Murti Dhar Khattar*       | Managing Director up to (Oct 6, 2016), and Consultant (wef Dec 21, 2016) | 83,57,945**                                     | Contract                     | B.E. (Civil) & 60 Yrs                              | Nov 14, 2011                       | Oct 6, 2017 as Managing Director    | 79                         | Kalpataru Group Limited                            | 70,000                    | No                           |
| Mr Sitaraman Ramachandran    | Chief Executive Officer                                                  | 84,00,000**                                     | Contract                     | B.E. (Mech), PDDBM & 42 Yrs                        | Apr 25, 2016                       | -                                   | 65                         | IVRCL Limited                                      | -                         | No                           |
| Dr S N Mukherjee             | Chief Financial Officer                                                  | 70,43,400**                                     | Contract                     | Ph.D-Management Science, LL.B, PGDM, ACMA & 43 Yrs | Jan 1, 2012                        | -                                   | 64                         | Infrastructure Leasing and Financial Services Ltd. | 12,250                    | No                           |
| Mr Anil Kumar Khanna         | President                                                                | 1,24,81,289                                     | Permanent                    | B.E. (Mech) & 42 Yrs                               | Apr 11, 2011                       | -                                   | 66                         | Jindal Power Ltd.                                  | 500                       | No                           |
| Mr Pradeep Kumar Kulshrestha | Chief Technical Officer                                                  | 89,39,371                                       | Permanent                    | M.Tech / Geo Technical Engineering & 37 Yrs        | Feb 3, 2012                        | Dec 15, 2016                        | 60                         | Lanco Infratech Ltd                                | 12,250                    | No                           |
| Mr Anoop Kumar Aggarwal      | Executive Vice President                                                 | 61,32,623                                       | Permanent                    | B.E. (Mech) & 32 Yrs                               | Jun 19, 2014                       | -                                   | 56                         | Petron Civil Engineering Pvt. Ltd.                 | -                         | No                           |
| Mr Ajay Purnanand Chitnis    | Head (Plant & Machinery)                                                 | 58,39,713                                       | Permanent                    | B.E. (Mech) & 34 Yrs                               | May 2, 2012                        | Feb 18, 2017                        | 56                         | DSC Ltd.                                           | -                         | No                           |
| Mr Sabu Jacob                | Vice President                                                           | 56,15,369                                       | Permanent                    | M.Tech & 24 Yrs                                    | May 7, 2014                        | -                                   | 49                         | Soma ISOLUX                                        | -                         | No                           |
| Mr Pushparaj Uchil           | Vice President                                                           | 55,00,245                                       | Contract                     | Diploma - Engineering & 37 Yrs                     | Sep 3, 2015                        | -                                   | 62                         | ERA Infra Engineering Lids.                        | -                         | No                           |
| Mr Mohammad Azhauddin        | Vice President                                                           | 51,21,177                                       | Permanent                    | B.E. (Mech), & 30 Yrs.                             | May 1, 2013                        | -                                   | 50                         | Indu Projects Ltd.                                 | -                         | No                           |

\*Deputed as Managing Director by IL&FS, Promoter of the Company

\*\*The remuneration is excluding service tax

**EMPLOYEE WORKED PART OF THE FINANCIAL YEAR & RECEIVED AGGREGATE REMUNERATION OF NOT LESS THAN EIGHT LAKH FIFTY THOUSAND RUPEES PER MONTH (including Employer contribution towards PF)**

| S. No. | Name of the Employee         | Designation             | Remuneration received (CTC in Rs.) FY:2016-17) | Nature (Contract / Permanent) | Qualification & Experience                  | Date of Commencement of Employment | Date of Exit of Employment (if any) | Age of Employee (in Yrs) | Last Employment held before joining the company | % of Equity Shares Held | Whether relative of Director |
|--------|------------------------------|-------------------------|------------------------------------------------|-------------------------------|---------------------------------------------|------------------------------------|-------------------------------------|--------------------------|-------------------------------------------------|-------------------------|------------------------------|
| 1      | Mr Pradeep Kumar Kulshrestha | Chief Technical Officer | 89,39,371                                      | Permanent                     | M.Tech / Geo Technical Engineering & 37 Yrs | Feb 3, 2012                        | Dec 15, 2016                        | 60                       | Lanco Infratech Ltd                             | 12,250                  | No                           |
| 2      | Mr M D Khattar*              | Managing Director       | 67,31,399**                                    | Contract                      | Bachelor of Engineering (Civil) & 60 Yrs    | Nov 14, 2011                       | Oct 6, 2016 as Managing Director    | 79                       | Kalpataru Group                                 | 70,000                  | No                           |
| 3      | Mr Manoj Kumar Singh         | Chief Executive Officer | 27,17,230                                      | Permanent                     | BE (Civil) & 30                             | Jan 30, 2017                       | -                                   | 55                       | Simplex Infrastructure                          | -                       | No                           |

\*Deputed as Managing Director by IL&FS, Promoter of the Company

\*\*The remuneration is excluding service tax

**EMPLOYEE WORKED THROUGH OUT THE FINANCIAL YEAR & RECEIVED AGGREGATE REMUNERATION OF NOT LESS THAN ONE CRORE TWO LAKH RUPEES (including Employer contribution towards PF)**

| S. No. | Name of the Employee | Designation | Remuneration Received (CTC in Rs.) (FY:2016-17) | Nature (Contract/ Permanent) | Qualification & Exp   | Date of Commencement of Employment | Age of Employee | Last Employment held before joining the company | No. of Equity Shares Held | Whether relative of Director |
|--------|----------------------|-------------|-------------------------------------------------|------------------------------|-----------------------|------------------------------------|-----------------|-------------------------------------------------|---------------------------|------------------------------|
| 1.     | Mr Anil Kumar Khanna | President   | 1,24,81,289                                     | Permanent                    | B.E (Mech) & 42 years | Apr 11, 2011                       | 66              | Jindal Power Ltd.,                              | 500                       | No                           |

# MANAGEMENT DISCUSSION AND ANALYSIS

## (A) ABOUT THE COMPANY

Your Company has more than twenty-five years of experience in the engineering and construction business with capabilities in providing integrated Engineering Procurement and Construction (EPC) services for civil construction and infrastructure projects

Your Company has been awarded mandates across various business segments on a competitive bidding basis. With engineering experience, trained and qualified manpower, your Company can successfully execute and implement projects independently or through sub-contracting

## (B) ECONOMIC OVERVIEW

### (1) Indian Economy

The Indian economy has sustained an environment of relatively lower inflation, fiscal discipline and moderate current account deficit coupled with broadly stable rupee-dollar exchange rate. Volume growth is improving in a number of sectors in FY 2018. Agricultural growth and rural demand in FY 2018 will be influenced by monsoon dynamics. Lower Inflation, especially in food and fuel items and the impact of lower interest rate will improve the purchasing power of consumers. Policy rate changes by Central Banks impact the economy with a lag. The Government of India announced demonetization of notes on November 8, 2016, in order to eliminate black money and the growing menace of fake Indian currency notes, thereby creating opportunities for improvement in economic growth

The Indian economy is strong enough to absorb the impact of the US Federal Reserve interest rate hike. Recent United States Immigration restrictions are the main source of India's vulnerability. But India is fundamentally in a strong position due to sharply lower fiscal and current account deficits, lower inflation and sustainable growth prospects due to continued productivity enhancing reforms instituted by Government of India

### (2) Infrastructure & Construction Sector in India

Being a rapidly growing nation, India has always accorded higher importance to infrastructure sector and it has received considerable attention from the government as well as private players. Indian infrastructure sector mainly includes development of roads, airports, shipping and ports which have contributed greatly to the economy of India over the last decade

The government has tried to frontload investments in roads, railways. This approach may continue in next fiscal. These factors will, in turn, raise capacity utilization and create conditions for new investment by the private sector. Construction companies witnessed an improvement in order inflows over the last two years with a major push coming from segments like roads, railways, and urban infrastructure. This has helped improve the order book position of most construction companies. However, execution has not gained significant traction as the order books of several companies remaining burdened with slow moving or stalled projects and many companies continued to have weak liquidity impacting their project execution ability – thereby resulting in weaker revenue growth. In terms of profitability, however, there has been a gradual improvement and stability in the last two years, led by a reduction in subcontracting

and benign commodity prices. The current fiscal has witnessed an uptick in commodity prices which would put pressure on profitability. While the sustainability of the improvement in operating profitability is uncertain, with high overall debt the interest coverage ratios continue to remain weak

### (3) Regulatory Challenges leading to time and cost overrun

Funding constraints, land acquisition issues, delays related to identification and award of projects and shortage of skilled manpower are some of the major reasons that are currently causing delays in infrastructure projects

Undoubtedly, infrastructure is a key priority sector clearly made evident from the increasing allocations to infrastructure in every budget since this government came to power. There is consistency and coherence in the government's policy on infrastructure. It is evident that this sector needs consolidation in policy framework starting from approval to implementation, an institutional mechanism for fair pricing and competition, and developing financial markets along with enhanced budgetary allocation even in future for achieving India's long-term growth potential. The government did focus on kick-starting delayed projects, but it is yet to act on other key issues including setting up of a dedicated institute for Public Private Partnerships (PPP's), proper risk-sharing measures, independent regulation in few sectors, protection to private investment in infrastructure etc. The government needs to give a serious thought and revisit the PPP models and re-instate some confidence into the private sector. India needs to develop a better regulatory mechanism, a rational pricing system, reform financial markets and strengthen dispute resolution mechanisms so that the private sector finds infrastructure projects economically feasible

Private sector participation in infrastructure has been low due to several bottlenecks and challenges related to availability of bankable infrastructure projects along with land acquisition and environmental issues

### (4) Challenges relating to Financing

Finance will become an ever more important constraint for Indian infrastructure over the medium term is evident from calculations on financing gaps. Infrastructure projects are complex, capital intensive, long gestation projects that involve multiple and often unique risks to project financiers. Infrastructure projects are characterized by non-recourse or limited recourse financing, i.e., lenders can only be repaid from the revenues generated by the project. This limited recourse characteristic, and the scale and complexity of an infrastructure project makes financing a significant challenge, which is further compounded by two factors. First, a combination of high capital costs and low operating costs implies that initial financing costs are a very large proportion of the total costs. Second, infrastructure project financing calls for a complex and varied mix of financial and contractual arrangements amongst multiple parties includes the project sponsors, commercial banks, domestic and international financial institutions (FIs), and government agencies. Any significant improvement in the liquidity profile and credit metrics of construction companies will

take time and will be contingent on an improvement in the working capital cycle and in the pace of execution, besides their ability to deleverage by raising long-term funds through stake sale or equity placements

The Gross NPA with the Scheduled Commercial Banks currently at 8.5% which is alarming and puts further stress on Capital Adequacy ratio of banks and this highlights the need to diversify the sources of funding for infrastructure

## (C) Opportunities:

### (1) Roads :

India's Infrastructure projects are drawing substantial interest from Global investors while sovereign overseas funds are also keen to invest in Masala Bonds which would help in financing the expansion of national road network. Also the Ministry of Road Transport and Highways (MoRTH) is in talks with Japan-based fund for loan at low interest rates as part of a strategy to generate funds for India's new integrated infrastructure planning initiative

The government has decided to award contracts for building 25,000 kms of highways in the current fiscal and 30,000 kms in the next to augment the road infrastructure

In addition to Rs 4,500 crore approved for Telangana State as per the 2017-18 annual plan, center cleared three projects approving total Rs. 5,900 crore for the state. In addition to the elevated corridors, Central Government has also sanctioned two economic corridors, while the Narketpalli, Nalgonda, Tippiarhi, Miryalguda, Kondrapolu and pondugula corridor will cover over 98 Km, the Jedcharla-Dmagrapur-Karnatka Border will spread over 109 Kms

Major Clients like MoRTH, NHAI, various state Road & Bridge Development Corporation are planning to float tenders worth Rs 2,70,000 crore approx during FY 2018-FY2019

Central Government planning to launch number of ambitious infrastructure projects in the country such as

- (a) **Bharatmala Project:** Central Government plans for Rs 14,000 crore project linking India's vast west-to-east land border from Gujarat to Mizoram. It will also link to a road network in coastal states from Maharashtra to West Bengal. In a way, this road network will garland the entire country. Central government is planning to finish the 5,000-km road project in 5 years
- (b) **Mumbai Trans Harbour Link, Shivaji Memorial:** This will be country's longest sea bridge at 22.5 km. It will connect Mumbai's eastern suburbs with the mainland across the Harbour through a 16.5 km sea bridge and a viaduct. The project will cost around Rs18,000 crore and completed by 2019. It will connect Sewri in central-east Mumbai with Nhava Seva across the Harbour. The Central government is also building a Rs 3,600 crore grand memorial of Chhatrapati Shivaji in Mumbai
- (c) **Setu Bharatam project:** The Rs 50,800 crore Setu Bharatam project aims to ensure highways without railway crossings by 2019 and overhaul of 1,500 British-era bridges. Under this project, 208 railway crossings will be replaced by rail over bridges (ROBs) by 2019 at an estimated cost of Rs 20,800

crore. Also, 1,500 bridges of the British era across the country will be overhauled for around Rs 30,000 crore

- (d) **Rashtriya Rajmarg Zila Sanjoyokta Pariyojna:** This project aims to connect 100 of the 676 district headquarters in the country with world-class highways. The project entails development of 6,600 km of highways at an estimated cost of about Rs 60,000 crore
- (e) **Chardham-Highway Project:** The Chardham Mahamarg Vikas Pariyojna or the Chardham highway development project, is an ambitious initiative to improve connectivity to the Char Dham pilgrimage centres in the Himalayas. The project's main objective is to develop around 900 km of national highways. These highways will be built in Uttarakhand at an approximate cost of Rs 12,000 crore
- (f) **Highest bridge of the world on river Chenab:** The government is building the tallest bridge in the world over river Chenab at Doda (359 metre above the river). The bridge would be built at a cost of Rs 1198 crore. After construction, it will surpass the current record held by Beipan river Shuibai railway bridge (275m) in Guizhou province of China
- (g) **Haryana Government Plan to launch 22.5 Km elevated road project from Rajiv Chowk to Sohna road (Approx Cost of the project is Rs 1,385 crores)**

### (2) Railways :

Japan International Cooperation Agency (JICA) which has provided loans for metro rail projects in the country, has also shown "keen interest" in supporting six more Metro projects (Delhi Metro Phase-IV, Pune Metro, Vijayawada Metro, Chennai Metro Phase-II, Thiruvananthapuram Light Metro and Kozhikode Light Metro Projects) which are under consideration for approval and whose total debt component stands at over Rs 38,700 crore. Under the new modified Special Terms for Economic Partnership (STEP) with Japan, JICA loan comes at an interest rate of 0.30 per cent as against 1.30 per cent on earlier loans

For 2017-18, the total capital and development expenditure of Railways has been pegged at Rs 1,31,000 crore. This includes Rs 55,000 crore provided by the Government. Railway lines of 3,500 kms will be commissioned in 2017-18. During 2017-18, at least 25 stations are expected to be awarded for station redevelopment. 500 stations will be made differently abled friendly by providing lifts and escalators. It is proposed to feed about 7,000 stations with solar power in the medium term

Odisha has been allocated Rs 5,102 crore for development of Railways in the Union Budget for 2017-18 and other states like Andhra Pradesh and Chhattisgarh have been allocated Rs 3,406 crore and 3,676 crore respectively. Railways have put up joint ventures with 9 State Governments, 70 projects have been identified for construction and development

Dedicated freight Corridor Corporation of India (DFCCIL) also plans to have other corridors apart from under execution Eastern and Western Dedicated Freight Corridors, viz :East West Dedicated Freight corridor (From Kolkata to Mumbai Approx 2000 kms), North South Dedicated Freight Corridor (From Delhi to Chennai Approx 2173 Kms), East Coast Dedicated freight corridor

(From Kharagpur to Vijaywada Approx 1100 Kms) and South West Dedicated Freight corridor (From Chennai to Goa Approx 890 Kms).

The Centre has set aside over Rs 17,810 crore for metro projects across the country in the Union Budget for 2017-18, which is a jump of nearly 14 per cent over last year's allocation

This year, the pass through assistance i.e. loan amount provided by external agencies like JICA has been pegged at Rs 13,644 crore, as against last year's Rs 12,470.75 crore. While the Rs 42,000 crore Phase III project of Delhi Metro Rail Corporation Limited is nearing completion and is likely to see a staggered launch this year, its Phase IV has recently been cleared by the Delhi government and it awaits the clearance of the Centre. The mega project, as part of which 72 new stations will be built, will cost over Rs 50,000 crore, which is to be borne equally by the state and the Centre

### High Speed Rail Status

The Railways has finalized the detailed project report (DPR) for an ambitious project aiming at running trains at 160 Km/h on two busy corridors. New Delhi-Howrah and New Delhi-Mumbai corridors would be upgraded to run trains at speed of 160 km/h as part of 'Mission Raftaar' launched by railways. According to the DPR, New Delhi-Howrah sector including Kanpur-Lucknow section is estimated to cost Rs 6,974 crore and the New Delhi-Mumbai corridor including Baroda-Ahmedabad section is slated to cost Rs 11,189 crore

### (3) Ports :

Government of India plans to Develop 10 Coastal Economics Region as a Part of Sagarmala (Strings of Ports) Project and this could span 300 to 500 kms of Coast line. Government plans to Invest Rs 70,000 Crore in 12 major ports in next five years

**Sagarmala Project:** It aims to promote port-led direct and indirect development and provide infrastructure to transport goods to and from ports quickly, efficiently and cost-effectively. The project is estimated to cost around Rs 800,000 crore. The Government wants to implement the projects worth Rs 393,402 crore under the ambitious Programme by March, 2019

Increasing investments and cargo traffic point towards a healthy outlook for the Indian ports sector. Providers of services such as Operation and Maintenance (O&M), pilotage and harbouring and marine assets such as barges and dredgers are benefiting from these investments. The Planning Commission of India forecasts an investment of Rs 180,626 crore for this industry in its 12th Five Year Plan. In addition, through The Maritime Agenda 2010-2020, the Ministry of Shipping has set a target capacity of over 3,130 MMT by 2020, which would be driven by participation from the private sector. Non-major ports are expected to generate over 50 per cent of this capacity

### (4) Urban Infrastructure :

The Ministry of Urban Development has approved an investment of Rs 14,353 crore for 2017-2020 (three years) improving basic urban infrastructure in 474 cities in 18 states and Union Territories (UT) under Atal Mission for Urban Rejuvenation and Transformation (AMRUT)

The Ministry of Urban Development has received Smart

City Plans for 20 cities with an investment of Rs 57,393 crore. Under the smart city mission, the centre provides Rs 500 crore to each city over a period of five years

Five states - Kerala, Madhya Pradesh, Gujarat, Odisha and Mizoram - have taken the lead to address the issue of water logging in monsoon season with plans to invest Rs 242 crore across 25 cities under AMRUT

France has announced a commitment of € 2 billion to convert Chandigarh, Nagpur and Puducherry into smart cities, thereby becoming the first nation to specify a financial commitment towards the Government's 'Smart City' initiative

### Industrial Corridors:

The Government of India plans to establish five industrial corridors to increase exports, industrial output and employment in the regions impacted by the corridors. Each corridor will have several key nodes that will be developed using Smart City principles

**Delhi Mumbai Industrial Corridor:** This corridor aims to develop an industrial zone that will span six states in India, to spur economic growth. The project aims to establish industrial clusters, with rail, road, port and air connectivity along the corridor, and to develop six logistics parks and seven Greenfield cities. The states covered under this corridor are Delhi, Uttar Pradesh, Rajasthan, Maharashtra, Gujarat and Haryana

Other corridors in the planning phase are the Amritsar Delhi Kolkata Industrial Corridor (impacting the states of Punjab, Haryana, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand and West Bengal), Bengaluru Mumbai Economic Corridor (impacting the states of Maharashtra and Karnataka), Visakhapatnam Chennai Industrial Corridor (impacting the states of Tamil Nadu and Andhra Pradesh), Chennai Bengaluru Industrial Corridor (impacting the states of Andhra Pradesh, Karnataka and Tamil Nadu)

### (5) Irrigation, Water & Waste Water:

A number of challenges in water sector have been identified by Ministry of Water Resources and accordingly some of the flagship scheme like "Pradhan Mantri Krishi Sinchayee Yojna (PMKSY), River Linking, Namami Gange etc. has been launched in mission mode

Under PMKSY, 99 projects have been identified on priority basis with an expected expenditure of Rs. 77595 crore. Many projects which were at standstill such as Gosikhurd in Maharashtra were streamlined and put on track for timely completion. Under 'HAR Khet Ko Pani' and 'MORE CROP PER DROP' Scheme, 22 Projects in Maharashtra, 6 Projects in Odisha and 17 Projects in Madhya Pradesh have been put on fast track and likely to be completed before 2019

The Government has accorded high priority to inter linking River Projects due to which Ken Betwa Link Project Phase -I & II with estimated cost of about Rs 18000 crore is likely to be rolled out soon. All the mandatory clearances and statutory clearances have been obtained from the designated authorities. Draft cabinet note for implementation of project has been circulated for inter-ministerial consultations and copies have also been shared with states of Uttar Pradesh and Madhya Pradesh for obtaining their views

Due to Prime Minister's initiative, focus has also been

given towards development of North-Eastern State. Brahmaputra Board has been restructured and Rs 3640 crore has been approved by the Government to expedite the long pending projects like flood control, irrigation etc.

Namami Gange Programme with a budget outlay of Rs. 20,000 crore is also at advance stage and number of projects in Uttarakhand, Uttar Pradesh, Bihar, Jharkhand and in West Bengal are at advance stage of implementation

#### (6) Power :

Government of India under its 12th central plan has provided expense budget of Rs 15 trillion thereby making this sector full of business opportunities in generation, distribution, transmission and equipments

Present emphasis of the Central Government is to develop a system for providing 24x7 electricity supply to urban and rural areas by year 2021. Accordingly large allocations have been provided in following segments

|                                           |                  |
|-------------------------------------------|------------------|
| Upgradation and new 11/33KV lines         | Rs 100,000 crore |
| Sub stations                              | Rs 50,000 crore  |
| Rework/modification of current facilities | Rs 224,770 crore |
| Rural Electrification                     | Rs 65,990 crore  |
| Transmission lines                        | Rs 180,000 crore |

Also Govt. of India has taken up an ambitious plan of adding 175 GW of renewable energy generation projects, including 100 GW of solar power by year 2022

Out of 319,000 MW present installed generation capacity of the country, more than 70% of the generation plants are coal based. With the current trend and push of the Govt of India, India shall emerge as number one country in terms of installed capacity of renewable energy plants by year 2025

Your Company currently addresses market segments of distribution, sub stations and transmission lines and has booked new orders worth Rs 957 crore in year 2016-17 and has plans to secure Rs 1200 crore of new orders from these sectors in current financial year 2017-18, where your Company qualifies as bidder total potential Rs. 40,000 crore

Most of these new contracts shall be of EPC nature and the Company aims to secure these contracts from financially closed projects

Currently, your Company has a good standing in this segment and is rated as one of the best contractor who has completed quality projects in Rajasthan, Karnataka, Odisha, West Bengal, Uttar Pradesh, Haryana and Andhra Pradesh

#### (7) Building :

The Government is set to launch a Special Purpose Vehicle for building the Country's largest exhibition-cum-convention centre in Delhi at an estimated cost of Rs 26,000 crore

Private real estate developers had launched 352 projects in 53 cities across 17 states with an investment of Rs.38,003 crore to build 2,03,851 affordable houses. Maharashtra has the highest investment in the affordable housing scheme with 1,03,719 houses to be built with the investment of Rs.15,576 Crore. Gujarat comes second with 28,465 houses to be built at an investment of Rs. 9,525 crore and National Capital region comes 3rd with 41,921 houses with and investment of Rs. 6,211 crore

The Ministry of Housing and Urban Poverty Allevation has so far approved construction of 17,73,052 affordable houses under Prime Minister's Awas Yojna (Urban) with an investment of Rs. 95,660 crore in 30 states and union Territories. These approved projects will be executed with assistance from central and state governments

Inter Continental Hotels Group, the UK based hospitality chain, will open around 100 to 150 Hotels in India over the next 10 Years

Carlson Rezidor Group, a Hospitality major, is aiming to open 8 Radisson Blue Hotels by 2020 in India

National Buildings Construction Company Limited has current order booking of Rs. 80,000 crore out of which they are planning to float tender worth Rs 16,000 crore for Commercial and Hospital Building in FY 2017-18 and FY 2018-19. Similarly, AIIMS projects worth Rs 900 crore are also expected .Government is also planning to make Railway station buildings in various states of India worth Rs 5,000 crore and Residential buildings worth Rs. 11,805 crore

#### Smart Cities Mission

The objective of the Smart Cities Mission is to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'Smart' Solutions. The focus is on sustainable and inclusive development and the idea is to look at compact areas, create a replicable model which will act like a light house to other aspiring cities. The Smart Cities Mission of the Government is a bold, new initiative. It is meant to set examples that can be replicated both within and outside the Smart City, catalyzing the creation of similar Smart Cities in various regions and parts of the country Government is planning to complete smart City project in 3 Phases which will include 60 Cities at a Total Estimated Project Cost of Rs. 1,31,762 crore

#### (8) Oil & Gas :

India is aiming at USD 100 billion investments in the Natural Gas Sector by 2022, including setting up of RLNG terminals, completion of the gas grid, pipeline projects and setting up of CGD network in more cities

#### Development of Pipeline Infrastructure

**Urja Ganga Gas Pipeline Project:** In October 2016, the Government laid the foundation for the gas pipeline project, at Varanasi. The 2540 km long Jagdishpur-Haldia & Bokaro -Dhamra Natural Gas Pipeline Project (JHBDPL) under Urja Ganga when completed will supply natural gas to Uttar Pradesh, West Bengal, Bihar, Odisha and Jharkhand

The Government aims to include 228 cities in the City Gas Distribution (CGD) network. It has initiated work on another 14,500 km national gas grid, following clearances

An additional 34 million tonnes per annum of Liquefied Natural Gas import terminal capacity will be added in the next five years, and the pipeline will also increase to 30,000 kms

#### Major Project Announcement:

- Indian Oil has planned to set up Rs 40,000 crore mega refinery at Nagapattinam (Tamil Nadu)
- Indian Oil to invest Rs 15,750 crore to grow pipeline network
- As per Indian Oil Ministry, oil refineries will need to invest Rs 80,000 crore in upgrading petrol and diesel quality to meet cleaner fuel specifications by 2020
- A new Petrochemical Complex with investment of Rs 30,000 crore to be set up in Andhra Pradesh by 50:50 JV of GAIL and HPCL

The Rajasthan government has signed an MOU with HPCL for 9-million tonne (mt) a year Barmer refinery in Rajasthan at an investment of around Rs 43,000 crore

Your Company is prepared to capitalize on such opportunities to improve its market share on continuous basis

Your Company has more than 25 years of consistent performance in executing projects across sectors, states and of varying complexity

This was possible only through

- Predictable & relatable processes
- Well qualified & experienced engineers
- Proven project management & partner management capability
- Customer engagement processes
- State of the art plant and equipment

Your Company is also well diversified and qualifies on its own in many sectors and for most of the opportunities. The diversity also helps in executing projects which involve all components of engineering- civil, mechanical and electrical. In the last few years, your Company has successfully executed many projects in Roads, Irrigation, Power and Oil & Gas to the satisfaction of clients. Building on this foundation, your Company has prepared itself to build these business units into key differentiators and vehicles for future growth and emerge as one of the leading infrastructure company

#### (D) Performance during the year :

- Your company had been able to secure orders in Power, Railways, Roads and Oil & Gas segments
- Continued management efforts to improve the performance of the Company has resulted in successful completion of some projects in India and overseas

#### Details of Projects awarded during April 2016 to March 2017 :

(Rs. In Crores)

| Description                                                                                                                                                                                     | Total Value Awarded |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>Power</b>                                                                                                                                                                                    |                     |
| RE Infrastructure Development works under DUGJY for Sahibganj Package (Sahibganj & Pakur District)                                                                                              | 222.7               |
| Rural Electricity Infrastructure Development works in North 24 Parganas (Bidhannagar Region) & South 24 Parganas Districts                                                                      | 179.6               |
| Rural Electricity Infrastructure Development works in Paschim Midnapore (Feeder) District                                                                                                       | 176.3               |
| Strengthening of existing Sub-transmission & Distribution Network in Urban area of 24 Parganas (South) Region (Pkg: X)                                                                          | 159.5               |
| Rural Electrification work of Villages/ Majre of Gonda District                                                                                                                                 | 149.2               |
| 765kV D/C Bhuj - Banaskanta Transmission Line (Part-V) associated with Green Energy Corridors                                                                                                   | 54.51               |
| <b>Railways</b>                                                                                                                                                                                 |                     |
| Seven Elevated Metro Stations and Three at Grade Stations (N-S Corridor) in Reach-1.                                                                                                            | 533                 |
| Underground station at Sir Thiyagaraya College & Korukkupet Station, including cut & cover tunnel and Ramp (Chennai Metro)                                                                      | 330                 |
| <b>Roads</b>                                                                                                                                                                                    |                     |
| Widening to Two/Four Lane with Paved Shoulders (Bidar-Humnabad) of NH 50 (Package - II) (Length 47.03Kms)                                                                                       | 242.6               |
| Package No. 10: Widening and reconstruction of Bariya Choki-Lugasi-Garhi Malhara Road, Bamitha-Dumra Road, Rajnagar-Bachhon Road, Khaparia Banspahari Road & Chhatarpur-Vikrampur-Rajnagar Road | 104.6               |
| Package No P2: Ganj - Rajnagar Road (MP-MDR-35-02), Laundi - Mahoba Road (MP-MDR- 35-11), Nawgong - Shrinagar Road (MP-MDR-35-04) & Baxwaha - Dalpatpur Road (MP-MDR-35-18)                     | 86                  |
| Package No. 11: Widening and reconstruction of Barghat-Kanhiwada Road, Dharna-Asta-Dondiwada- Dharmakua Road & Waraseoni-Katang Road                                                            | 79.2                |
| <b>Oil and Gas</b>                                                                                                                                                                              |                     |
| Kochi - Kootanad - Bangalore - Mangalore Pipeline Project Phase-II (Section -I: 30" x 91 KM)                                                                                                    | 173.1               |
| Phulpur - Haldia Pipeline Project (Phase 1B) Kochi to Mangalore Pipeline Project Phase II                                                                                                       | 162.6               |
| Kochi to Mangalore Pipeline Project Phase II (Section IVA: 24" X 70.32 KM & IVB: 24" X 34.83 KM)                                                                                                | 123.1               |
| <b>Grand Total</b>                                                                                                                                                                              | <b>2,776</b>        |

#### (E) Discussion on Financial Performance:

Notwithstanding the economic slowdown and the exigencies, your Company has been able to retain healthy order book

The Sector wise Order Book of the Company is as follows:  
(Rs. In Crores)

| Sector       | On Hand<br>31.3.2017 | On Hand<br>31.3.2016 |
|--------------|----------------------|----------------------|
| Roads        | 2,695                | 3,247                |
| Railways     | 1,721                | 1,138                |
| Buildings    | 1,087                | 1,239                |
| Irrigation   | 3,044                | 3,277                |
| Power        | 1,364                | 788                  |
| Oil & Gas    | 526                  | 127                  |
| Ports        | 212                  | 212                  |
| <b>Total</b> | <b>10,649</b>        | <b>10,026</b>        |

#### Overall Financial Performance:

- (1) Turnover: The Company has achieved a turnover of Rs 1820.22 crore for the FY 2017 as against Rs 1,844.87 crore of the Previous Year
- (2) Profit after tax: Net Profit is Rs. 2.30 crore in FY 2017 against Loss of Rs. 188.52 crore in FY 2016
- (3) Earnings per share: EPS for the period is Rs. (0.05) as compared to Rs (16.65) in the Previous Year
- (4) Share Capital: The share capital of the Company stood at Rs 170.87 crore as at March 31, 2017 as against Rs 213.91 crore as at March 31, 2016. The changes in share capital of the Company during the financial year 2016-17 were due to allotment of Equity Shares on Preferential Basis and redemption of Preference Shares from the proceeds of the Preferential Issue
- (5) Net worth: The net worth of the Company is Rs 125.90 crore as at March 31, 2017 compared to Rs 123.60 crore as at March 31, 2016
- (6) Debt: The Company had paid some loans and had raised new loans which have not resulted in the major change in aggregate debt. In order to meet the growing working capital needs of the Company due to increased operations, promoters have advanced loans. Consequently, debt position of the Company increased to Rs 1,992.41 crore as against Rs 1949.48 crore
- (7) Fixed Assets: The Company's fixed asset base (Gross Block) decreased to Rs 478.68 crore in 2016-17 from Rs 603.50 crore in 2015-16

#### (F) Outlook:

Your Company has significantly strengthened its business developments initiatives and is reaping the rewards of the efforts, in terms of order inflow. Your Company is in the process of executing various projects i.e., Metro railway projects, Road projects and power projects. With experience of handling legacy projects and present government impeccable reforms your company is confident to reap fruitful results in future

#### (G) Challenges, Risks and Concerns:

The Indian infrastructure industry has tremendous scope in the future. However, in the current macro-economic environment, the Company perceives following risks and concerns

##### (1) Liquidity Position:

The debt burden has increased in a manner that is not commensurate with the size of its operations and there has been severe stress in terms of cash flows. With the support of parent entity your company is improving cash flows by streamlining processes for cost optimization and better working capital management. Your company is in discussion with banking consortium for assessment of incremental working capital requirement to support growth in business

##### (2) Changes in Government policies including change in tax structure:

With Goods and Service Tax (GST) in place, withdrawal of exemptions for road, irrigation projects sponsored by Government and local authorities is expected to create renegotiation of contract prices and higher GST rates may result in liquidity issues. However, availability of higher pool of input tax credit in the hands of the contractors could help neutralize such issues. So introduction of GST seems to be a mixed bag for the infra sector—compliance and efficiency being the key advantages, while initial teething issues, higher rate and certain restrictions are negatives

##### (3) Price Inflation Risk:

Infrastructure projects encountered issues such as land acquisition, volatility in commodity prices, financing charges resulting in time and cost overrun. Effective Project bidding and Control methods have been placed in your Company to safeguard risk associated with price inflation

#### (H) Internal Control System and their Adequacy:

The Board of Directors has laid down internal financial controls to be followed by the Company with an objective of orderly and efficient conduct of its business, safeguarding the Company's assets, prevention and detection of frauds, accuracy and completeness of accounting records and timely preparation of reliable financial statements and compliance with applicable statutory requirements. The Company has implemented Oracle e-Business Suite as Enterprise Resource Planning (ERP) System for recording transactions with complete audit trail, which addresses the requirements of Supply Chain Management, Finance & Accounts, Projects, Plant & Machinery and Human Resource departments in an integrated way

The internal audit of the Company is carried out by the in-house Internal Audit Team of the Company and by an external firm of Chartered Accountants using the Internal Control Framework (ICF). The primary focus of Internal Audit is to ensure that the Company's Internal Financial Control Framework is adequate and implemented effectively and policies and procedures of the company are adhered to. Internal Auditors report directly to the Audit Committee of the Board of Directors. The Internal Auditor's scope is derived from the Annual Internal Audit Plan, which is approved by the Audit Committee. The plan is modified periodically to meet requirements arising from changes in law and control environment resulting from the implementation of the ICF including the Internal Controls over Financial Reporting (ICoFR)

#### (I) Human Resources & Industrial Relations:

The company considers Human Resources (HR) are the main asset to the company and HR is organised to act accordingly. HR function has committed and motivated employees with providing emphasis to retain the employees by providing Training, Succession Planning, cordial atmosphere, freedom to express their opinion. Besides above, the Company has successfully implemented and being implementing several plans to attract the talented manpower at all levels. Your Company also hire subcontractors that utilize temporary or casual labour, especially for construction activities

Your Company continued to maintain harmonious relations with its employees across all its Project sites and offices in India and as on March 31, 2017, the Company had 829 permanent employees

#### Cautionary Statement:

Statements in this Annual Report, describing the Company's outlook, projections, estimates, expectations or predictions may be "Forward Looking Statements" within the meaning of applicable laws or regulations. Actual results could differ materially from those expressed or implied. Several other factors could make significant difference to the Company's operations which includes conditions and economic conditions affecting demand and supply, Government Regulations, taxation, natural calamities and so on, over which the Company does not have any control

# REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

Corporate Governance is essentially a system, which brings about sustained corporate growth and long-term benefits for stakeholders. Empowerment, accountability & control, is the philosophy of the Company on corporate governance. Good governance is a moral stance of the Management, which is committed to create value for all stakeholders on ethical principles. The Company endeavors to implement the code of Corporate Governance in its true spirit

## 2. BOARD OF DIRECTORS :

### Composition :

The Board has an optimum combination of Executive and Non-Executive Directors including Woman Director. As on March 31, 2017, the Board consisted of Nine Directors including one Alternate Director

All the Directors on the Board are professionals, having expertise in their respective functional areas. None of the Directors on the Board is a member of more than ten committees or Chairman of more than five committees across all the companies in which he/she is a director. As required under Regulation 26 of SEBI (Listing Obligations of Disclosure Requirements) Regulations, 2015 (Listing Regulations), necessary disclosures regarding committee positions have been received from all the Directors

### Board Meetings :

During FY 2017, the Board of Directors met 5 times on the following dates: May 30, 2016, August 11, 2016, October 6, 2016, November 2, 2016 and February 10, 2017

### Attendance, Directorships, Memberships/Chairmanships of Committees :

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during FY 2017 along with the number of directorships and committee memberships held by them in other Companies as on March 31, 2017 are given below:

| S. No. | Name of the Director                                                                    | Category of Directorship           | Board Meetings held during the period of Directorships |          | Number of Directorships in other Companies <sup>1</sup> | Number of Committee positions held in other public companies <sup>2</sup> |        | Whether present at the previous AGM |
|--------|-----------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------|----------|---------------------------------------------------------|---------------------------------------------------------------------------|--------|-------------------------------------|
|        |                                                                                         |                                    | Held                                                   | Attended |                                                         | Chairman                                                                  | Member |                                     |
| 1      | Mr. Karunakaran Ramchand                                                                | Non-Executive Chairman             | 5                                                      | 5        | 8                                                       | 2                                                                         | 8      | No                                  |
| 2      | Mr Murlidhar Khattar (Resigned wef October 6, 2016)                                     | Managing Director                  | 3                                                      | 3        | NA                                                      | NA                                                                        | NA     | Yes                                 |
| 3      | Mr Saleh Mohammed A Binladen                                                            | Non-Executive Director             | 5                                                      | 1        | 0                                                       | 0                                                                         | 0      | No                                  |
| 4      | Mr Akberali Mohamedali Moawalla                                                         | Alternate Director to Mr. BinLaden | 5                                                      | 0        | 0                                                       | 0                                                                         | 0      | No                                  |
| 5      | Mr El Mouhtaz El Sawwaf (Resigned wef Sept 1, 2016)                                     | Non-Executive Director             | 2                                                      | 1        | NA                                                      | NA                                                                        | NA     | NA                                  |
| 6      | Mr Ved Jain (Resigned wef Sept 2, 2016)                                                 | Non-Executive Independent Director | 2                                                      | 2        | NA                                                      | NA                                                                        | NA     | NA                                  |
| 7      | Mr Anil Agarwal (Resigned wef Sept 2, 2016)                                             | Non-Executive Independent Director | 2                                                      | 2        | NA                                                      | NA                                                                        | NA     | NA                                  |
| 8      | Mr Dhananjay Narendra Mungale (Resigned wef July1, 2016)                                | Non-Executive Independent Director | 1                                                      | 0        | NA                                                      | NA                                                                        | NA     | NA                                  |
| 9      | Ms Alpa Sheth (Resigned wef Sept 16, 2016)                                              | Non-Executive Independent Director | 2                                                      | 1        | NA                                                      | NA                                                                        | NA     | NA                                  |
| 10     | Ms Kanika Tandon Bhal (Resigned wef Sept 12, 2016)                                      | Non-Executive Independent Director | 2                                                      | 0        | NA                                                      | NA                                                                        | NA     | NA                                  |
| 11     | Mr Ahmad Mohamad Dabbous (appointed wef October 6, 2016 and resigned on March 28, 2017) | Additional Director                | 3                                                      | 1        | NA                                                      | NA                                                                        | NA     | NA                                  |
| 12     | Mr Debabrata Sarkar (appointed wef August 11, 2016)                                     | Non-Executive Independent Director | 4                                                      | 3        | 6                                                       | 2                                                                         | 7      | Yes                                 |
| 13     | Mr Mukund Sapre (appointed wef October 7, 2016)                                         | Managing Director/ Executive       | 2                                                      | 2        | 9                                                       | 0                                                                         | 1      | NA                                  |
| 14     | Mr Ganapathi Ramachandran (appointed wef October 6, 2016)                               | Non-Executive Independent Director | 3                                                      | 3        | 7                                                       | 0                                                                         | 8      | NA                                  |
| 15     | Mr Rajiv Sarin* (appointed wef October 6, 2016)                                         | Non-Executive Independent Director | 3                                                      | 3        | 1                                                       | 0                                                                         | 0      | NA                                  |
| 16     | Ms Sutapa Banerjee (appointed wef October 6, 2016)                                      | Non-Executive Independent Director | 3                                                      | 3        | 7                                                       | 1                                                                         | 5      | NA                                  |
| 17     | Mr Bhaskar Chatterjee (appointed wef November 2, 2016)                                  | Non-Executive Independent Director | 2                                                      | 2        | 0                                                       | 0                                                                         | 0      | NA                                  |

<sup>1</sup>Directorships in Companies means Companies registered under the Companies Act, 2013 (earlier Companies Act, 1956) and excludes section 8 Companies and Companies registered outside India

<sup>2</sup>Chairmanship/Membership of the Committees include memberships of Audit and Stakeholders Relationship Committees

\*Mr Rajiv Sarin, Additional and Non-Executive Independent Director on the Board of Directors of the Company, expired on May 11, 2017

No Directors of the Company are related to any other Director of the Company

Except for Mr Karunakaran Ramchand who holds 40,000 equity shares of the Company, none of the Non-Executive Directors hold any shares or convertible instruments of the Company

The details of the familiarization programme imparted to the Directors is available on the website of the Company at the link : <http://www.ilsengg.com/Document/FamiliarizationProgramme.pdf>

### Directors' Compensation and Disclosures :

- i. The Non-Executive Directors were paid sitting fees as mentioned in the table below:

| Sl No | Name of the Director      | Sitting Fees paid during FY 2017 (amount in Rs.) |
|-------|---------------------------|--------------------------------------------------|
| 1.    | Mr Karunakaran Ramchand   | 1,60,000                                         |
| 2.    | Ms Alpa Sheth             | 20,000                                           |
| 3.    | Mr Debabrata Sarkar       | 1,90,000                                         |
| 4.    | Mr Ganapathi Ramachandran | 1,90,000                                         |
| 5.    | Mr Rajiv Sarin            | 1,20,000                                         |
| 6.    | Ms Sutapa Banerjee        | 1,50,000                                         |
| 7.    | Mr Bhaskar Chatterjee     | 60,000                                           |

Apart from the abovementioned, reimbursement of the actual travel and out of pocket expenses incurred for attending Meetings of the Board of Directors and/or Committee thereof have been made to the Directors

### Directors seeking appointment/re-appointment

Details of the Directors seeking appointment and reappointment at the ensuing Annual General Meeting as required under Regulation 36(3) of Listing Regulations are annexed to the Notice convening the Annual General Meeting and forms part of this Annual Report

## 3. COMMITTEES OF THE BOARD OF DIRECTORS:

### a. AUDIT COMMITTEE:

#### Composition:

The Audit Committee comprises of 4 Directors of whom, three are Non-Executive Independent Directors. All the Members are eminent persons with varied knowledge in their respective fields and are financially literate. Mr Debabrata Sarkar, Chairman of the Committee is a Fellow Chartered Accountant and has CAIIB degree from Indian Institute of Banking and Finance

In view of the resignations of Mr Dhananjay Mungale (w.e.f. July 1, 2016), Mr Ved Jain (w.e.f. September 2, 2016), Mr Anil Kumar Agarwal (w.e.f. September 2, 2016) and Mr Murli Dhar Khattar (w.e.f. October 6, 2016) from the Board of Directors of the Company, Mr Mungale, Mr Jain, Mr Agarwal

and Mr Khattar ceased to be Members of the Audit Committee. The Board of Directors of the Company in its Meeting held on August 11, 2016, inducted Mr Debabrata Sarkar as a Member of the Audit Committee. Further, the Board of Directors in its Meeting held on October 6, 2016, reconstituted the Committee by inducting three new Members viz., Mr Ganapati Ramachandran, Ms Sutapa Banerjee and Mr Mukund Sapre and also appointed Mr Sarkar as the Chairman of the Committee

The composition and terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of Listing Regulations

### Attendance at the meetings held during FY 2017 is stated below:

Five Audit Committee meetings were held during FY 2017, on the following dates: May 30, 2016, August 11, 2016, November 2, 2016, February 10, 2017 and March 14, 2017

| Sr No | Name of the Member        | No. of Meetings held during the period of Memberships | No. of Meetings attended |
|-------|---------------------------|-------------------------------------------------------|--------------------------|
| 1     | Mr Ved Kumar Jain *       | 2                                                     | 2                        |
| 2     | Mr Anil Kumar Agarwal*    | 2                                                     | 2                        |
| 3     | Mr MurliDhar Khattar*     | 2                                                     | 2                        |
| 4     | Mr Dhananjay Mungale*     | 1                                                     | 0                        |
| 5     | Mr Mukund Sapre           | 3                                                     | 3                        |
| 6     | Mr Debabrata Sarkar       | 3                                                     | 3                        |
| 7     | Mr Ganapathi Ramachandran | 3                                                     | 3                        |
| 8     | Ms Sutapa Banerjee        | 3                                                     | 3                        |

\*Ceased to be a Member of the Audit Committee due to the resignation from the directorships of the Company as mentioned above.

### Terms of Reference:

The brief terms of reference of audit committee are as follows:

- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the quarterly/ annual financial statements and auditor's report thereon before submission to the Board for approval;
- Reviewing with the management, the statement of uses/application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in offer documents/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in the matter;

- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function and discussion with the internal auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors;
- Review the functioning of whistle blower mechanism;
- Approval of appointment of Chief Financial Officer;
- Such other matter as may from time to time be required under any statutory, contractual or other regulatory requirement

Apart from the aforementioned terms of reference, the Audit Committee shall mandatorily review management discussion and analysis of financial condition and results of operations, statement of significant related party transactions, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, appointment, removal and terms of remuneration of the Chief Internal Auditors, etc.

## **b. NOMINATION AND REMUNERATION COMMITTEE:**

### **Composition and Attendance:**

The Nomination and Remuneration Committee (NRC) comprised of four Directors of whom all the directors are Non-Executive Directors. In view of resignations of Mr Dhananjay Mungale (w.e.f. July 1, 2016), Mr Ved Jain (w.e.f. September 2, 2016) and Mr Anil Kumar Agarwal (w.e.f. September 2, 2016), the NRC was reconstituted by the Board of Directors at its Board Meeting held on October 6, 2016 by inducting Mr Ganapathi Ramachandran as the Chairman of the Committee, and Mr Karunakaran Ramchand, Mr Debabrata Sarkar and Mr Rajiv Sarin as the Members of the Committee. However, in view of sudden demise of Mr Rajiv Sarin, the Board of Directors had reconstituted NRC at its Meeting held on May 26, 2017 and inducted Mr Bhaskar Chatterjee as the Member of NRC in place of Mr Sarin

Three NRC meetings were held during FY 2017 i.e. on August 11, 2016, October 6, 2016 and November 2, 2016

| Sr No | Name of the Member             | No. of Meetings held during the period of Membership | No. of Meetings attended |
|-------|--------------------------------|------------------------------------------------------|--------------------------|
| 1     | Mr Anil Kumar Agarwal*         | 1                                                    | 1                        |
| 2     | Mr Ved Kumar Jain*             | 1                                                    | 1                        |
| 3     | Mr Dhananjay Narendra Mungale* | 0                                                    | 0                        |
| 4     | Mr Ganapathi Ramachandran      | 2                                                    | 2                        |
| 5     | Mr Karunakaran Ramchand        | 2                                                    | 2                        |
| 6     | Mr Debabrata Sarkar            | 2                                                    | 2                        |
| 7     | Mr Rajiv Sarin**               | 2                                                    | 2                        |

\*Ceased to be a Member of the Nomination and Remuneration Committee due to the resignation from the directorships of the Company as mentioned above.

\*\* Ceased to be a Member of the Nomination and Remuneration Committee due to his sad demise on May 11, 2017.

### **Performance Evaluation Criteria for Independent Directors**

The Company has adopted the Schedule IV of the Companies Act, 2013 as the Code for Independent Directors based on which the performance evaluation of the Independent Directors were carried out by the entire Board of Directors and in the evaluation process the Directors who were subject to evaluation have not participated. The directors expressed their satisfaction on the performance of the Independent Directors. The Policy on performance evaluation of Board of Directors is available on the website of the Company at [www.ilfsengg.com](http://www.ilfsengg.com)

### **Terms of Reference:**

The terms of reference, powers, quorum and other matters in relation to the Nomination and Remuneration Committee are as per of the Regulation 19 read with Part D of Schedule II of Listing Regulations, Section 178 of the Companies Act, 2013 and in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended. The role of the NRC are as follows:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy relating to remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- 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 of Directors, their appointment and removal;
- Whether to extend or continue the term of appointment of the independent director,

on the basis of the report of performance evaluation of independent directors;

- To formulate detailed terms and conditions of employee stock option scheme which shall include the provisions as specified by SEBI from time to time;
- Determine the number of stock options to be granted under the Company's Employees Stock Option Scheme and administer any stock option plan.

**c) REMUNERATION OF DIRECTORS :**

**i) Managerial Remuneration Policy :**

The details of Managerial Remuneration Policy is provided in the Directors' Report and also the policy is uploaded in the "Investor Relations" section of the website of the Company at [www.ilfsengg.com/html/policies](http://www.ilfsengg.com/html/policies)

**ii) Disclosure on remuneration of Managing Director :**

- (a) All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc
- Mr. Murli Dhar Khattar, Managing Director (till October 6, 2016) was paid a total remuneration of Rs 6,731,399 (excluding service tax) which comprises of the following:

| Particulars          | Amount (in Rs)    |
|----------------------|-------------------|
| Consolidated Salary  | 4,976,558         |
| House Rent Allowance | 516,131           |
| Special Allowance    | 1,238,710         |
| <b>TOTAL</b>         | <b>6,731,399*</b> |

\*excluding service tax

- Mr Mukund Sapre, Managing Director (from October 7, 2016) does not draw any salary from the Company. However, sitting fee is being paid for attending the Meetings of the Board of Directors and / or Committee thereof. During the year under review, total Rs 130,000 was paid to Mr Sapre as sitting fees for attending the Board and Committee Meetings.

Except as mentioned above, sitting fee paid to respective Directors and reimbursement of expenses incurred towards attending the meetings, no other payment to the individual directors were made during the Financial Year 2016-17

- (b) **Details of fixed component and performance linked incentives, along with the performance criteria:** Nil
- (c) **Service contracts, notice period, severance fees:** Nil
- (d) **Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:** During the year no stock options were given to the Directors of the Company.

**d. STAKEHOLDERS RELATIONSHIP COMMITTEE :**

**Composition:**

The Stakeholders Relationship Committee (SRC) comprised of two directors. During the year, in view of the resignations of Mr Ved Jain and Mr Anil Kumar Agarwal w.e.f September 2, 2016, Mr Jain and Mr Agarwal ceased to be Members of SRC. Further, the Board of Directors reconstituted SRC in its Meeting held on October 6, 2016 by inducting Mr Rajiv Sarin as Chairman of the Committee and Mr Mukund Sapre as member of the Committee. However, in view of sudden demise of Mr Rajiv Sarin, the Board of Directors had reconstituted SRC at its Meeting held on May 26, 2017 and inducted Mr Karunakaran Ramchand as the Chairman of SRC in place of Mr Sarin.

**Compliance Officer :**

Mr Sushil Dudeja, Company Secretary is the Compliance Officer of the Company

The Company has received NIL complaints from the shareholders during the year. Hence, as on March 31, 2017, no complaints were outstanding

**Terms of Reference :**

Terms of reference of SRC are as per Regulation 20 read with Part D of the Schedule II of Listing Regulations and Section 178 of the Companies Act, 2013, which includes, supervision of investor relations and redressal of investors' grievance in general and relating to non-receipt of dividends, interest, non-receipt of Annual Report in particular, approval of transfer and transmission of shares from time to time, delegating powers to the Registrar of the Company for transfer, transmission of shares from time to time in accordance with the regulatory requirement and such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement

**e. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE :**

The CSR Committee comprises of 3 Directors of whom 2 are Independent Directors and 1 is Executive Director. During the year, in view of resignations of Mr Anil K Agarwal, Mr Murli Dhar Khattar and Ms Alpa Sheth from the directorships of the Company, Mr Agarwal, Mr Khattar and Ms Sheth ceased to be Members of the Committee

The Board in its meeting held on October 6, 2016, inducted Ms Sutapa Banerjee as Chairperson of the CSR Committee along with Mr Mukund Sapre and Mr Rajiv Sarin as the other Members of the Committee. However, in view of sudden demise of Mr Rajiv Sarin, the Board of Directors had reconstituted the CSR Committee at its Meeting held on May 29, 2017 and inducted Mr Debabrata Sarkar as a Member of CSR Committee in place of Mr Sarin

The terms of reference, powers, quorum and other matters in relation to the CSR Committee are as per the provisions of Companies Act, 2013 and Rules made there under

During FY 2017, one CSR Committee meeting was held on August 11, 2016:

| S. No. | Name of the Member     | No. of Meetings held during the period of Membership | No. of Meeting attended |
|--------|------------------------|------------------------------------------------------|-------------------------|
| 1      | Mr Anil Kumar Agarwal* | 1                                                    | 1                       |
| 2      | Mr Murlidhar Khattar*  | 1                                                    | 1                       |
| 3      | Ms Alpa Sheth*         | 1                                                    | 0                       |
| 4      | Mr Mukund Sapre        | 0                                                    | 0                       |
| 5      | Mr Rajiv Sarin**       | 0                                                    | 0                       |
| 6      | Ms Sutapa Banerjee     | 0                                                    | 0                       |

\*Ceased to be Member of the CSR Committee due to resignation from the Directorship of the Company as stated above

\*\*Ceased to be Member of CSR Committee due to his sad demise on May 11, 2017

#### f. INDEPENDENT DIRECTORS' MEETING

During the year, the Independent Directors met on February 10, 2017, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as whole
- Evaluation of performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably performs its duties

#### 4. GENERAL BODY MEETINGS

##### a) Annual General Meetings (AGMs):

##### i) Venue, date and time of the Annual General Meetings held during the preceding 3 Financial Years are as follows::

Financial Year : 2015-16  
 Date, Time and Venue : September 23, 2016 at 11.00 a.m.  
 KLN Prasad Auditorium,  
 3rd Floor, FTAPCCI House,  
 11-6-841, Red Hills,  
 Hyderabad – 500 004

Following Special Resolutions were passed:

- Issuance of securities of the Company for an amount upto Rs 500 crore

Financial Year : 2014-15  
 Date, Time and Venue : September 19, 2015 at 11.00 a.m.  
 KLN Prasad Auditorium,  
 3rd Floor, FTAPCCI House,  
 11-6-841, Red Hills,  
 Hyderabad – 500 004

Following Special Resolutions were passed:

- Adoption of new set of Articles of Association of the Company
- Approval for investments under section 186 of the Companies Act, 2013
- Approval of Material Related Party Transactions with Infrastructure Leasing and Financial Service (IL&FS) pursuant to clause 49 of Listing Agreement

- Approval of Material Related Party Transactions with Hill County Properties Limited pursuant to clause 49 of Listing Agreement
- Approval of Material Related Party Transactions with IL&FS during the year 2014-15 amounting to Rs. 670.95 crore pursuant to clause 49 of Listing Agreement

Financial Year : 2012-14 (18 Months)  
 Date, Time and Venue : August 8, 2014, 12.00 Noon.  
 KLN Prasad Auditorium,  
 3rd Floor, FAPCCI House,  
 11-6-841, Red Hills,  
 Hyderabad – 500 004

Following Special Resolution was passed:

- Amendment of Articles of Association of the Company;
- Granting the borrowing powers to the Board of Directors of the Company in excess of its Paid-up Capital and Free Reserves but not exceeding Rs 5000 crores.

##### b. Postal Ballot:

- The following Special Resolutions were passed by way of Postal Ballot and E-voting during FY 2016-17
  - Issuance of upto 10,513,238 equity shares of Rs10/- each on Preferential Basis
  - Making Investment in Maytas Infra Saudi Arabia Company upto SAR 30 million
  - Making investments under Section 186 of the Companies Act, 2013

##### ii. Voting pattern details (physical ballot paper and E-voting) are as follows:

| Sl. No. | Resolution                                                                      | No. of Votes polled | No. of votes (in favour) | No. of votes (against) |
|---------|---------------------------------------------------------------------------------|---------------------|--------------------------|------------------------|
| 1.      | Issuance of upto 10,513,238 equity shares of Rs 10/- each on Preferential Basis | 59365826            | 59365816                 | 10                     |
| 2.      | Making Investment in Maytas Infra Saudi Arabia Company upto SAR 30 million      | 82258245            | 82298077                 | 168                    |
| 3.      | Making investments under Section 186 of the Companies Act, 2013                 | 82298195            | 82298077                 | 118                    |

##### iii. Procedure for postal ballot:

- The Board of Directors of the Company in its Meeting held on February 10, 2017 approved the notice of Postal Ballot and e-voting and appointed Mr. Y. Ravi Prasada Reddy, Practicing Company Secretary as the Scrutinizer, for conducting the Postal Ballot under Section 110 of the Companies Act, 2013 in a fair and transparent manner
- The Company completed the dispatch of Postal Ballot forms on February 17, 2017 and through its RTA in electronic form to its Members whose e-mail ids are registered with the Company and to other Members through Registered post/courier whose name(s) appeared on the Register

of Members/List of beneficiaries as on February 10, 2017

- c. The Company had published notice in Business Standard and Nava Telangana Telegu newspapers on February 18, 2017 regarding dispatch of postal ballot notice to the Members of the Company
- d. Particulars of all the postal ballot forms received from the Members were entered in the register separately maintained for the purpose
- e. The Postal Ballots were kept under the safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms
- f. All Postal Ballot forms received upto the close of working hours on March 20, 2017, being the last date and time fixed by the Company for the receipt of the forms were considered for scrutiny
- g. The ballot boxes were opened on March 20, 2017 after 5.00 pm in the presence of two witnesses
- h. The Postal Ballot forms were scrutinized and the shareholding was matched/confirmed with the Register of Members of the Company/list of beneficiaries
- i. The scrutinizer handed over the postal ballot forms and other related papers/registers and records for safe custody to Mr. Sushil Dudeja, Company Secretary who was authorized by the Chairman to supervise the postal ballot process
- j. The Company accordingly declared the result of the voting of postal ballot and e-voting on March 20, 2017
- k. The necessary forms were filled with RoC thereafter
- l. Mr. Sushil Dudeja, Company Secretary of the Company was appointed by the Board as the designated personnel responsible for the entire Postal Ballot process

No special resolution is proposed to be conducted through Postal Ballot at the ensuing Annual General Meeting

## 5. MEANS OF COMMUNICATION:

- (a) Quarterly/Half Yearly/Yearly Financial Results are published in Business Standard (in English) and Nava Telangana newspapers (in Telugu)
- (b) Official news releases are displayed on the Company's website [www.ilfsengg.com](http://www.ilfsengg.com) and Official media releases are also sent to the Stock Exchanges
- (c) The Company's website [www.ilfsengg.com](http://www.ilfsengg.com) contains a separate section dedicated to 'Investor Relations' where shareholders' information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form
- (d) Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements,

Directors' Report, Auditors' Report and other important information is circulated to Members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report

- (e) Presentations made to investors/analysts are uploaded on the Company's website
- (f) The Company has designated the [cs@ilfsengg.com](mailto:cs@ilfsengg.com) email-id exclusively for investor services

## 6. MANAGEMENT DISCUSSION AND ANALYSIS (MDA):

MDA forms part of the Directors' Report and is presented in the Annual Report under a separate heading

## 7. GENERAL INFORMATION TO SHAREHOLDERS :

### (a) Date, time and Venue of 28th Annual General Meeting for the Financial year 2016-17 :

Date: Monday, August 28, 2017 at 2.30 P.M

Venue: KLN Prasad Auditorium, 3rd Floor, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad-500 004

### (b) Book Closure Date :

The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, August 22, 2017 to Monday, August 28, 2017 (both days inclusive) for the purpose of 28th Annual General Meeting

### (c) Financial Calendar:

Financial year of the Company shall be from April 1, 2017 to March 31, 2018. The tentative calendar for consideration of financial results for the Financial Year 2017-18 is given below:

| Particulars                                        | Tentative          |
|----------------------------------------------------|--------------------|
| Results for quarter ending June 30, 2017           | September 14, 2017 |
| Results for quarter ending September 30, 2017      | December 14, 2017  |
| Results for quarter ending December 31, 2017       | February 14, 2018  |
| Results for quarter and year ending March 31, 2018 | May 30, 2018       |

### (d) Listing on Stock Exchanges :

The Company's Equity Shares are listed on the following Stock Exchanges with effect from October 25, 2007

| Name and Address of Stock Exchanges                                                                                                   | Scrip Code    |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------|
| The National Stock Exchange of India Limited (NSE)<br>5th Floor, "Exchange Plaza", Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 | IL&FS<br>ENGG |
| BSE Limited (BSE)<br>Department of Corporate Services<br>P.J.Towers, Dalal Street, Mumbai – 400 001                                   | 532907        |

The Company has paid the listing fees payable to the BSE and NSE for the years 2016- 17 and 2017-18. The Company has paid Annual Custodial Fees for the year 2016-17 and 2017-18 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(e) **Share Transfer Procedure :**

The share transfers which are received in physical form are processed and the share certificates are returned to the respective shareholders within the statutory time limit, subject to the documents being valid and complete in all respects. The Company obtains half yearly certificates from a Company Secretary in practice on compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Regulation 40 of the Listing Regulations.

(f) **Prevention of Insider Trading :**

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of the Company has approved Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The Code of Conduct for Prevention of Insider Trading has replaced the Company's earlier Code on Insider Trading as framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company has taken measures to create awareness about the code among its employees and has implemented a system of reporting details of trading in the securities of the Company by the Designated Persons to the Audit Committee at the periodic levels.

(g) **Distribution of shareholding as on March 31, 2017 :**

| Category (Amount) | No. of Shareholders | % of total shareholders | Total Shares       | Amount (in Rs.)      | % of Amount   |
|-------------------|---------------------|-------------------------|--------------------|----------------------|---------------|
| 1 – 5000          | 32,139              | 91.60                   | 2,421,742          | 24,217,420           | 1.85          |
| 5001 – 10000      | 1,429               | 4.07                    | 1,196,677          | 11,966,770           | 0.91          |
| 10001 – 20000     | 688                 | 1.96                    | 1,059,303          | 10,593,030           | 0.81          |
| 20001 – 30000     | 254                 | 0.72                    | 653,533            | 6,535,330            | 0.50          |
| 30001 – 40000     | 127                 | 0.36                    | 459,367            | 4,593,670            | 0.35          |
| 40001 – 50000     | 111                 | 0.32                    | 530,420            | 5,304,200            | 0.40          |
| 50001 – 100000    | 181                 | 0.52                    | 1,359,428          | 13,594,280           | 1.04          |
| 100001 & Above    | 165                 | 0.47                    | 123,440,608        | 1,234,406,080        | 94.14         |
| <b>TOTAL</b>      | <b>35,094</b>       | <b>100.00</b>           | <b>131,121,078</b> | <b>1,311,210,780</b> | <b>100.00</b> |

(h) **Dematerialization of shares and liquidity:**

The Company's shares are available for dematerialization in both the Depositories i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 97.68% of equity shares have been dematerialized as on March 31, 2017. All the Preference Shares of the Company are dematerialized. The summary of shareholdings in category wise is as under:

**Summary of Shareholding as on March 31, 2017 :**

| Category                       | No. of Holders | Total Shares         | % of Equity    |
|--------------------------------|----------------|----------------------|----------------|
| EQUITY SHARES OF RS. 10/- EACH |                |                      |                |
| ISIN: INE369I01014             |                |                      |                |
| PHYSICAL                       | 16             | 2,813,231            | 2.32%          |
| N S D L                        | 23232          | 114,472,346          | 94.48%         |
| C D S L                        | 11850          | 3,873,094            | 3.20%          |
| <b>Total</b>                   | <b>35,094</b>  | <b>1,21,158,671*</b> | <b>100.00%</b> |

\*The Company has allotted 99,62,407 equity shares of Rs 10/- each on preferential basis to Infrastructure Leasing and Financial Services Ltd (IL&FS) and IL&FS Financial Services Limited belonging to the Promoter category on March 24, 2017. After receipt of trading approvals from the stock exchanges on April 12, 2017, these shares were credited to the respective demat accounts by NSDL on April 17, 2017. Since trading approvals from the stock exchanges were pending as on March 31, 2017, these shares are not shown in the demat column.

| Category                     | No. of Holders | Total Shares     | %              |
|------------------------------|----------------|------------------|----------------|
| 6% OCCRPS# OF Rs. 100/- EACH |                |                  |                |
| ISIN: INE369I03028           |                |                  |                |
| PHYSICAL                     | 0              | 0                | 0.00%          |
| N S D L                      | 1              | 3,750,000        | 100.00%        |
| C D S L                      | 0              | 0                | 0              |
| <b>Total</b>                 | <b>1</b>       | <b>3,750,000</b> | <b>100.00%</b> |

| Category                    | No. of Holders | Total Shares   | %              |
|-----------------------------|----------------|----------------|----------------|
| 6% CRPS ^ OF Rs. 100/- EACH |                |                |                |
| ISIN: INE369I04034          |                |                |                |
| PHYSICAL                    | 0              | 0              | 0.00%          |
| N S D L                     | 1              | 225,000        | 100.00%        |
| C D S L                     | 0              | 0              | 0              |
| <b>Total</b>                | <b>1</b>       | <b>225,000</b> | <b>100.00%</b> |

# OCCRPS: Optionally Convertible Cumulative Redeemable Preference Shares

^ CRPS: Cumulative Redeemable Preference Shares

(i) **Reconciliation of Share Capital Audit:**

As stipulated by SEBI, a qualified practicing company secretary carries out the reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and paid up capital. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is placed before the Board of Directors. The audit, inter alia confirms that the total listed and paid up equity capital of the Company is in agreement with the aggregate of the total no. of shares in dematerialized form held with NSDL and CDSL and total number of shares in physical form

(j) **Investor Safeguards :**

Investors may note the following to avoid risks while dealing in securities:

(i) **Electronic Clearing Services (ECS) mandate**

ECS helps in quick remittances of dividend without possible loss / delivery in postal transit. Members may register their ECS details with their respective DPs

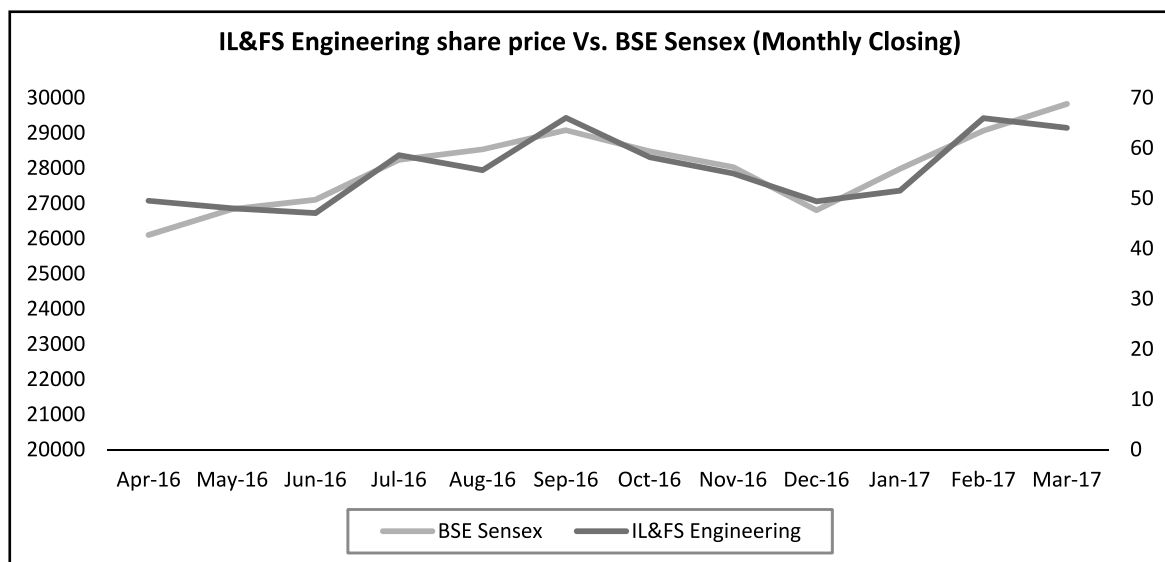
- (ii) Encash Dividends in time  
Encash your dividends promptly to avoid hassles of revalidation
- (iii) Register Nominations  
To enable successors to get the shares transmitted in their favour without hassle, the members may register their nominations directly with their respective DPs
- (iv) Confidentiality of Security Details  
Do not hand over signed blank transfer deed / delivery instruction slips to any unknown person
- (v) Dealing of Securities with Registered Intermediaries  
Members must ensure that they deal with only SEBI registered intermediaries and must obtain a valid contract note/ confirmation memo from the broker/ sub-broker, within 24 hours of execution of trade and it should be ensured that the contract note / confirmation memo contains order no., trade time, quantity, price and brokerage

**(k) Shareholding Pattern as on March 31, 2017:**

| Shareholding Pattern as on 31/03/2017                           |                |                    |                |
|-----------------------------------------------------------------|----------------|--------------------|----------------|
| Category                                                        | No. of Holders | Total Shares       | % To Equity    |
| Infrastructure Leasing and Financial Services Limited- Promoter | 1              | 274,86,243         | 20.96%         |
| IL&FS Financial Services Limited- Promoter Group                | 1              | 27,914,641         | 21.29%         |
| Foreign Corporate Bodies                                        | 1              | 36,538,477         | 27.87%         |
| Banks                                                           | 10             | 13,041,764         | 9.95%          |
| Bodies Corporates                                               | 494            | 12,455,555         | 9.50%          |
| H U F                                                           | 1,415          | 1,831,599          | 1.40%          |
| Non Resident Indians                                            | 323            | 326,432            | 0.25%          |
| Clearing Members                                                | 59             | 81,426             | 0.06%          |
| Resident Individuals                                            | 32,785         | 11,391,445         | 8.69%          |
| Indian Financial Institutions                                   | 2              | 51,096             | 0.04%          |
| Trusts                                                          | 1              | 2,000              | 0.00%          |
| NBFC                                                            | 2              | 400                | 0.00%          |
| <b>Total</b>                                                    | <b>35,094</b>  | <b>131,121,078</b> | <b>100.00%</b> |

**(l) Market Price Data:**

| Month  | BSE   |       |                      | NSE   |       |                      |
|--------|-------|-------|----------------------|-------|-------|----------------------|
|        | High  | Low   | No. of shares traded | High  | Low   | No. of shares traded |
| Apr-16 | 49.50 | 44.45 | 226,214              | 50.00 | 44.00 | 905,391              |
| May-16 | 48.00 | 39.15 | 149,799              | 47.95 | 40.00 | 781,681              |
| Jun-16 | 47.05 | 41.10 | 266,527              | 47.10 | 41.20 | 974,490              |
| Jul-16 | 58.60 | 44.00 | 723,966              | 58.60 | 44.10 | 3,612,421            |
| Aug-16 | 55.60 | 45.50 | 482,459              | 55.65 | 45.80 | 2,401,693            |
| Sep-16 | 66.00 | 47.85 | 2,195,046            | 66.30 | 47.80 | 9,248,024            |
| Oct-16 | 58.20 | 52.50 | 644,912              | 58.20 | 52.10 | 2,269,767            |
| Nov-16 | 54.95 | 36.80 | 547,007              | 54.50 | 36.75 | 1,626,350            |
| Dec-16 | 49.40 | 39.70 | 315,203              | 49.45 | 40.00 | 1,561,616            |
| Jan-17 | 51.50 | 44.10 | 594,730              | 51.35 | 44.10 | 3,441,495            |
| Feb-17 | 65.95 | 48.40 | 1,094,758            | 66.00 | 48.50 | 7,287,342            |
| Mar-17 | 64.00 | 54.00 | 517,488              | 64.00 | 53.85 | 2,662,725            |



- (m) The Company has not issued any GDRs or ADRs or Warrants or Convertible Instruments in the Current Financial year
- (n) **Compliance Certificate of the Auditors:**  
A Certificate from Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance is annexed with the report
- (o) **Registrar & Transfer Agents (RTA) :**  
Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Telephone No. 040 -67161500, Fax No. 040 - 23420814, Email ID: einward.ris@karvy.com
- (p) **Investor Correspondence:**  
**Company Secretary & Compliance Officer:**  
Mr Sushil Dudeja  
D.No. 8-2-120/113/3/4F,  
Sanali Info Park, Cyber Towers, Road No. 2,  
Banjara Hills, Hyderabad - 500 033  
Tel. +91 40 40409333  
Fax No. +91 40 40409444  
E-mail id: cs@iflsengg.com

## 8. DISCLOSURES:

- (a) During the year under review, certain transactions have been entered into with related parties. The details thereof have been given under the Notes on Accounts. None of these transactions are having potential conflict with the interests of the Company at large. The policy on dealing with related party transactions is available on the Company's website at <http://www.iflsengg.com/html/policies.php>
- (b) During the last three years, there has not been any occasion of non-compliance related to capital market by the Company
- (c) The Company has established well documented Risk Management Framework. Under this framework, risks are identified across all business processes of the Company on a continuing basis
- (d) The company applies equity method of accounting (as per the Accounting Standard 23) to the investments which involves reflecting the Company's share of results of the Associate companies operations
- (e) The requisite details of Subsidiary Companies are disclosed in the Directors' Report
- (f) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee:  
The Company has an established mechanism for employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The existence of the mechanism is appropriately communicated within the organization

It is further affirmed that the policy is available to Employees and Directors of the Company and personnel access to the Whistle Blower Investigating Committee (WBIC) has not been denied and that protection is provided to whistle blower from adverse personnel action. The Policy have been uploaded in the "Investor Relations" section of our Website here: <http://www.iflsengg.com/html/policies.php>

### (g) **Details of compliance with mandatory requirements and adoption of non-mandatory requirements:**

The Company complies with all the applicable mandatory requirements and with also the following non mandatory requirements as specified in Part E of Schedule II of Listing Regulations :

#### **The Board:**

The Chairman of the Company is a Non-Executive Director and is entitled to sitting fees for attending the meeting apart from the out of pocket travelling expenses incurred for attending the meeting

#### **Shareholder Rights:**

The quarterly, half yearly and annual financial results of the Company are published in a leading daily newspapers and are also posted on the Company's website. Significant press releases are also posted on the website of the Company

#### **Separate post of Chairperson and Chief Executive Officer:**

The Company has appointed separate persons to the post of Chairperson and Managing Director

#### **Reporting of Internal Auditor**

The internal auditor of the Company submits its reports directly to the Audit Committee of the Board. The internal auditor is a permanent invitees of the Audit Committee and attends the meeting as and when required

### (h) **Web link where policy for determining 'material' subsidiaries is disclosed:**

Policy on material subsidiary has been uploaded on the website of the Company at <http://www.iflsengg.com/html/policies.php>

### (i) **Code of Conduct:**

The Board of Directors of the Company have approved a code of conduct for Board of Directors and Senior Management, which is posted on the website of the Company at [http://www.iflsengg.com/html/code\\_of\\_conduct.pdf](http://www.iflsengg.com/html/code_of_conduct.pdf)

In respect of the financial year 2016-17, all Senior Management and Board of Directors of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management and declaration to this effect signed by Managing Director is enclosed at the end of this report

### (j) **Formal Letter of Appointment to the Independent Director:**

The Company has issued formal letter of appointment to all the Independent Directors on their appointment inter-alia explaining their roles, responsibilities, code of conduct, their functions and duties as directors of the Company

The terms and conditions of the appointment of Independent Directors have been uploaded on the website of the Company and can be accessed at <http://www.ilfsengg.com/Document/IndependentDirectorsAppointmentLetter.pdf>

#### 9. UNCLAIMED SUSPENSE ACCOUNT :

Pursuant to Schedule V of Listing Regulations details of unclaimed shares held by shareholders which were outstanding in the Company's Unclaimed Suspense Account as on March 31, 2017, are as follows:

| Particulars                                                                                                    | Number of Share holders | Number of outstanding Shares |
|----------------------------------------------------------------------------------------------------------------|-------------------------|------------------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2016  | 24                      | 432                          |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year | 0                       | 0                            |
| Number of shareholders to whom shares were transferred from suspense account during the year                   | 0                       | 0                            |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2017 | 24                      | 432                          |

Voting rights on shares lying in the unclaimed suspense account shall remain frozen till the rightful owner of such shares claims their shares

#### Declaration on Compliance with the Code of Conduct for the Board of Directors and Senior Management of the Company:

In terms of Regulation 26 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Members of the Board of Directors and Senior Management Personnel of the Company have affirmed the compliance of the Company's Code of Conduct for the Board of Directors and Senior Management for the Year Ended March 31, 2017.

Date: May 29, 2017  
Place: Mumbai

Sd/-  
**Mukund Sapre**  
(Managing Director)

## Certificate on Corporate Governance

To

The Members of

M/s. IL&FS Engineering and Construction Company Limited  
Door No: 8-2-120/113/3/4F, Sanali Info Park,  
Cyber Towers, Road No. 2, Banjara Hills,  
Hyderabad – 500 033

I have examined the compliance conditions of Corporate Governance by M/s IL&FS Engineering and Construction Company Limited ("the Company"), Hyderabad for the financial year ended 31st March, 2017, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations, 2015"]

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. My 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 my opinion and to the best of my knowledge and according to the explanations given to me, I certify that the Company has complied with the conditions of applicable Corporate Governance as stipulated in the above mentioned SEBI (LODR) Regulations, 2015

I 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

Sd/-

**Y. Ravi Prasada Reddy**  
Practicing Company Secretary  
FCS No. : 5783  
C P No. : 5360

Place: Hyderabad  
Date: May 24, 2017

# INDEPENDENT AUDITOR'S REPORT

To the Members of IL&FS Engineering and Construction Company Limited

## Report on the Financial Statements

We have audited the accompanying standalone financial statements of IL&FS Engineering and Construction Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to

provide a basis for our qualified audit opinion on the standalone financial statements.

## Basis for qualified opinion

As more fully explained in Note 49 of the accompanying standalone financial statements, as at March 31, 2017, the Company has investment amounting to Rs. 33.19 Crores made in an overseas subsidiary. Based on the latest available unaudited financial statements of the aforesaid subsidiary as on March 31, 2017, 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 any other consequential impacts, if any, that may be required in this regard in the standalone financial statements.

## Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, of its profit and its cash flows for the year ended on that date.

## Emphasis of matter

### We draw attention to:

- a. Note 47 of the accompanying standalone financial statement regarding Rs. 259.67 Crores 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. 199.83 Crores 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 48 of the accompanying standalone financial statement regarding amount due from customers (project work-in-progress). The Company had recognised claims in case of various projects of which balance as at March 31, 2017 aggregates to Rs. 292.24 Crores (including claims accounted during the year amounting to Rs. 109.44 Crores) and interest of Rs. 188.58 Crores (including interest of Rs. 88.13 Crores recognised during the year ended March 31, 2017) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Honourable High Court of New Delhi/ advanced stages of negotiations with customer and have been recognised

based on Honourable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers. Further, in one of the aforesaid projects, the customer has withheld an amount of Rs. 17.30 Crores as liquidated damages for delays in project completion which is also dependent on the aforesaid judicial proceedings. Based on expert opinion and internal assessment, the management is of the view that the claims including interest are tenable and there exist no uncertainty as to ultimate collection.

- c. Note 29 of the accompanying standalone financial statements regarding Inter Corporate Deposits (ICDs) amounting to Rs. 343.78 Crores 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, conclusion of legal proceedings, 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 standalone financial statements 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.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act and the Companies (Accounting Standards) Amendment Rules, 2016;
  - e) The matter described in the Basis for Qualified Opinion paragraph and Emphasis of matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

- (f) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 (a) to the standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts – Refer Notes 32 and 33 to the standalone financial statements. The Company has no derivative contract;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The Company has provided requisite disclosures in Note 17 to these standalone financial statements as to the holdings of Specified Bank Notes on November 08, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. However, as stated in Note 17 to these standalone financial statements amounts aggregating to Rs. 0.18 Crores as represented to us by the Management have been utilized for other than permitted transactions

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari

Partner

Membership Number: 093649

Place: Mumbai

Date: May 29, 2017

# Annexure 1 to the Independent Auditors' Report

Re: IL&FS Engineering and Construction Company Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies identified on such verification which were not material have been properly dealt within the books of account.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year. Discrepancies noted on physical verification of inventories which were not material have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction industry and construction of roads and other infrastructure projects, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows::

| Name of the statute                                                           | Nature of dues         | Amount demanded (Rs. In Crores) | Paid Under Protest (Rs. In Crores) | Period to which the amount relates (Assessment Years)   | Forum where dispute is pending                                                       |
|-------------------------------------------------------------------------------|------------------------|---------------------------------|------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------------|
| AP Value Added Tax, 2005                                                      | Sales Tax and Penalty  | 0.86                            | 0.05                               | 2005-06, 2006-07 and 2007-08                            | Sales Tax Appellate Tribunal, Hyderabad                                              |
| AP Value Added Tax, 2005                                                      | Penalty on Sales Tax   | 0.36                            | 0.18                               | 2007-08                                                 | Appellate Deputy Commissioner, Hyderabad                                             |
| AP Value Added Tax, 2005                                                      | Sales Tax              | 27.06                           | -                                  | 2007-08                                                 | High Court of Judicature at Hyderabad for the states of Andhra Pradesh and Telangana |
| Central Sales Tax Act, 1956                                                   | Penalty on Sales Tax   | 0.50                            | 0.12                               | 2002-03 and 2003-04                                     | Sales Tax Appellate Tribunal, Hyderabad                                              |
| Central Sales Tax Act, 1956                                                   | Penalty on Sales Tax   | 0.70                            | 0.20                               | 2007-08                                                 | Appellate Deputy Commissioner, Chhattisgarh                                          |
| Finance Act 1994                                                              | Service Tax            | 9.70                            | -                                  | 2007-08 and 2008-09                                     | Commissioner of Customs & Central Excise, Hyderabad                                  |
| Finance Act 1994                                                              | Penalty on Service Tax | 0.28                            | -                                  | 2006-07 and 2007-08                                     | The Customs, Excise and Service Tax Appellate Tribunal, Bengaluru                    |
| West Bengal Vat Act, 2003                                                     | Sales Tax              | 0.06                            | -                                  | 2009-10                                                 | Joint Commissioner of Commercial Taxes, Behrampur                                    |
| West Bengal Vat Act, 2003                                                     | Sales Tax              | 1.52                            | -                                  | 2008-09                                                 | West Bengal Appellate & Revisional Board                                             |
| AP Value Added Tax, 2005                                                      | Sales Tax              | 0.92                            | 0.51                               | 2008-09                                                 | Appellate Deputy Commissioner, Hyderabad                                             |
| Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987 | Professional Tax       | 0.06                            | -                                  | 2008-09                                                 | Commercial Tax Officer, Hyderabad                                                    |
| Finance Act 1994                                                              | Service Tax            | 0.12                            | -                                  | 2010-11 to 2011-12                                      | Superintendent of Service Tax, Hyderabad                                             |
| AP Value Added Tax, 2005                                                      | Sales Tax              | 1.85                            | -                                  | 2005-06<br>2006-07<br>2007-08<br>2008-09 and<br>2009-10 | Commercial Tax Officer, Hyderabad                                                    |
| AP Value Added Tax, 2005                                                      | Sales Tax              | 4.12                            | -                                  | 2009-10<br>2010-11<br>2011-12 and<br>2012-13            | Assistant Commissioner of Sales Tax (Enforcement), Hyderabad                         |
| AP Value Added Tax, 2005                                                      | Sales Tax              | 0.21                            | 0.03                               | 2014-15                                                 | Appellate Deputy Commissioner, Vishakapatnam                                         |
| MP Entry Tax Act, 1976                                                        | Entry Tax              | 0.27                            | 0.03                               | 2013-14                                                 | Asst. Commissioner commercial tax officer (Audit), Jabalpur, MP                      |
| Orissa Entry Tax Act, 1999                                                    | Entry Tax              | 0.21                            | 0.07                               | April 01, 2010 to March 31, 2014                        | Joint Commissioner of Sales Tax, Cuttack                                             |
| West Bengal Vat Act, 2003                                                     | Sales Tax              | 0.11                            | -                                  | 2011-12                                                 | Senior Joint Commissioner, West Bengal                                               |
| West Bengal Vat Act, 2003                                                     | Sales Tax              | 1.36                            | 0.20                               | 2012-13                                                 | Senior Joint Commissioner, West Bengal                                               |
| Finance Act, 1994                                                             | Service Tax            | 3.47                            | 0.26                               | October 2010 to March 15                                | Principal commissioner of service tax, Hyderabad                                     |
| AP Value Added Tax, 2005                                                      | Sales Tax              | 0.11                            | -                                  | 2012-13                                                 | Commercial Tax Officer, Hyderabad                                                    |
| Central Excise Act, 1944                                                      | Excise Duty            | 12.04                           | 0.50                               | February 2012 to February 2016                          | Commissioner of central excise, Gurgaon                                              |
| Income Tax Act, 1961                                                          | Income Tax             | 1.23                            | 0.62                               | 2007-08                                                 | Commissioner of Income Tax (Appeals), Hyderabad                                      |
| Income Tax Act, 1961                                                          | Income Tax             | 12.95                           | 12.95                              | 2008-09                                                 |                                                                                      |
| Income Tax Act, 1961                                                          | Income Tax             | 14.26                           | 10.79                              | 2009-10                                                 |                                                                                      |
| Income Tax Act, 1961                                                          | Income Tax             | 6.62                            | 4.66                               | 2010-11                                                 |                                                                                      |
| Income Tax Act, 1961                                                          | Income Tax             | 2.31                            | 1.04                               | 2011-12                                                 |                                                                                      |

- (viii) According to information and explanations given by the management, the company did not have any outstanding loans or borrowings to financial institutions, Government and dues to Debenture holders as at the balance sheet date and there were no defaults as at the balance sheet date.
- (ix) According to information and explanations given by the management and on an overall examination of the balance sheet, we report that, monies raised by the Company by way of term loans were applied for the purposes for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Vikas Kumar Pansari**

Partner

Membership Number: 093649

Place: Mumbai

Date: May 29, 2017

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of IL&FS Engineering and Construction Company Limited ("the Company") as of March 31, 2017, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating

the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2017:

- a. The Company's internal financial controls system over estimation of diminution in the carrying value of investments and accrual of potential obligation in case of an overseas subsidiary was not operating effectively which could potentially result in misstatement in the financial statements by way of Company not providing for adjustments/ provisions, if any, that may be required.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2017.

### **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 standalone financial statements of the Company and this report affects our report dated May 29, 2017, on which we have expressed a qualified opinion on those standalone financial statements.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

### **per Vikas Kumar Pansari**

Partner

Membership Number: 093649

Place: Mumbai

Date: May 29, 2017

# Balance Sheet as at March 31, 2017

(All amounts in Rs. Crore except for share data or as otherwise stated)

|                                                                                          | Notes | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>Equity and Liabilities</b>                                                            |       |                         |                         |
| <b>Shareholders' Funds</b>                                                               |       |                         |                         |
| Share Capital                                                                            | 3     | 170.87                  | 213.91                  |
| Reserves and Surplus                                                                     | 4     | (44.97)                 | (90.31)                 |
|                                                                                          |       | <b>125.90</b>           | <b>123.60</b>           |
| <b>Non-current Liabilities</b>                                                           |       |                         |                         |
| Long-term borrowings                                                                     | 5     | 1,174.45                | 1,388.63                |
| Other long-term liabilities                                                              | 6     | 914.58                  | 413.07                  |
| Long-term provisions                                                                     | 7     | 17.24                   | 16.41                   |
|                                                                                          |       | <b>2,106.27</b>         | <b>1,818.11</b>         |
| <b>Current Liabilities</b>                                                               |       |                         |                         |
| Short-term borrowings                                                                    | 8     | 526.19                  | 470.38                  |
| <b>Trade Payables</b>                                                                    | 9     |                         |                         |
| - Total outstanding dues of micro enterprises and small enterprises                      |       | 15.54                   | 42.76                   |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises |       | 541.80                  | 696.04                  |
| Other current liabilities                                                                | 10    | 887.79                  | 519.92                  |
| Short-term provisions                                                                    | 7     | 55.89                   | 49.49                   |
|                                                                                          |       | <b>2,027.21</b>         | <b>1,778.59</b>         |
|                                                                                          |       | <b>4,259.38</b>         | <b>3,720.30</b>         |
| <b>Assets</b>                                                                            |       |                         |                         |
| <b>Non-current Assets</b>                                                                |       |                         |                         |
| <b>Fixed Assets</b>                                                                      |       |                         |                         |
| Property, Plant and Equipment                                                            | 11a   | 136.66                  | 145.61                  |
| Intangible assets                                                                        | 11b   | 40.49                   | 42.78                   |
| Capital work-in-progress                                                                 |       | 6.23                    | 8.29                    |
| Non-current investments                                                                  | 12    | 327.02                  | 326.54                  |
| Loans and advances                                                                       | 13    | 740.57                  | 669.37                  |
| Other non-current assets                                                                 | 14    | 1,530.51                | 880.37                  |
|                                                                                          |       | <b>2,781.48</b>         | <b>2,072.96</b>         |
| <b>Current assets</b>                                                                    |       |                         |                         |
| Inventories                                                                              | 15    | 725.55                  | 830.21                  |
| Trade receivables                                                                        | 16    | 403.75                  | 449.77                  |
| Cash and bank balances                                                                   | 17    | 21.77                   | 20.98                   |
| Loans and advances                                                                       | 13    | 212.80                  | 277.87                  |
| Other current assets                                                                     | 14    | 114.03                  | 68.51                   |
|                                                                                          |       | <b>1,477.90</b>         | <b>1,647.34</b>         |
|                                                                                          |       | <b>4,259.38</b>         | <b>3,720.30</b>         |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

## For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership No: 093649

## For and on behalf of the board of directors of

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

**Ramchand K**

Chairman

DIN: 00051769

**Dr. S N Mukherjee**

Chief Financial Officer

**Mukund Sapre**

Managing Director

DIN: 00051841

**Sushil Dudeja**

Company Secretary

Place : Mumbai

Date : May 29, 2017

Place : Mumbai

Date : May 29, 2017

# Statement of Profit and Loss for the year ended March 31, 2017

(All amounts in Rs. Crore except for share data or as otherwise stated)

|                                                                                               | Notes | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|-----------------------------------------------------------------------------------------------|-------|--------------------------------------|--------------------------------------|
| <b>Income</b>                                                                                 |       |                                      |                                      |
| Revenue from operations                                                                       | 18    | 1,820.22                             | 1,844.87                             |
| Other income                                                                                  | 19    | 189.56                               | 134.34                               |
| Company's share of profit from integrated joint ventures                                      |       | 5.77                                 | 3.95                                 |
| <b>Total revenue (I)</b>                                                                      |       | <b>2,015.55</b>                      | <b>1,983.16</b>                      |
| <b>Expenses</b>                                                                               |       |                                      |                                      |
| Cost of materials consumed                                                                    | 20    | 532.07                               | 771.95                               |
| Employee benefits expenses                                                                    | 21    | 103.32                               | 130.04                               |
| Subcontract expense                                                                           |       | 788.05                               | 711.67                               |
| Other expenses                                                                                | 22    | 213.96                               | 210.30                               |
| Finance costs                                                                                 | 23    | 327.88                               | 304.06                               |
| Depreciation and amortization expense                                                         | 24    | 47.97                                | 43.66                                |
| <b>Total expenses (II)</b>                                                                    |       | <b>2,013.25</b>                      | <b>2,171.68</b>                      |
| <b>Profit/ (Loss) before tax (I-II)</b>                                                       |       | <b>2.30</b>                          | <b>(188.52)</b>                      |
| <b>Tax expense</b>                                                                            |       | <b>-</b>                             | <b>-</b>                             |
| <b>Profit/ (Loss) for the year</b>                                                            |       | <b>2.30</b>                          | <b>(188.52)</b>                      |
| <b>Earnings per equity share</b><br>[Nominal value of share Rs. 10 (March 31, 2016 : Rs. 10)] | 25    |                                      |                                      |
| Basic and diluted                                                                             |       | (0.05)                               | (16.65)                              |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

## For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership No: 093649

## For and on behalf of the board of directors of

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

**Ramchand K**

Chairman

DIN: 00051769

**Mukund Sapre**

Managing Director

DIN: 00051841

**Dr. S N Mukherjee**

Chief Financial Officer

**Sushil Dudeja**

Company Secretary

Place : Mumbai

Date : May 29, 2017

Place : Mumbai

Date : May 29, 2017

# Cash Flow Statement for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                                                      | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flow from operating activities</b>                                                           |                                      |                                      |
| Profit/ (Loss) before tax                                                                            | 2.30                                 | (188.52)                             |
| <b>Non cash adjustments to reconcile (loss)/ profit before tax to net cash flows</b>                 |                                      |                                      |
| Company's share of profit from integrated joint ventures                                             | (5.77)                               | (3.95)                               |
| Liabilities no longer required written back                                                          | (5.93)                               | (4.24)                               |
| Provision for estimated future loss on projects                                                      | 7.37                                 | 30.84                                |
| (Profit)/ loss on sale/discard/write off of fixed assets (net)                                       | (61.69)                              | 0.84                                 |
| Provision for retirement benefits                                                                    | (0.14)                               | 0.13                                 |
| Depreciation and amortization expense                                                                | 47.97                                | 43.66                                |
| Stocks written-off                                                                                   | 0.50                                 | 8.10                                 |
| Provision for doubtful advances / trade receivables / other assets / investments                     | 17.28                                | 14.39                                |
| Bad debts/advances written-off                                                                       | 1.57                                 | 7.85                                 |
| Reversal of provision for liquidated damages                                                         | -                                    | (1.34)                               |
| Interest expense                                                                                     | 303.81                               | 282.80                               |
| Interest income                                                                                      | (115.82)                             | (122.11)                             |
| <b>Operating profit before working capital changes</b>                                               | <b>191.45</b>                        | <b>68.45</b>                         |
| <b>Movement in working capital:</b>                                                                  |                                      |                                      |
| Increase/ (Decrease) in trade payables                                                               | 181.71                               | (181.94)                             |
| Increase/ (Decrease) in other liabilities                                                            | 145.33                               | (78.85)                              |
| Decrease in trade receivables                                                                        | 101.31                               | 119.40                               |
| Increase in inventories                                                                              | (479.46)                             | (44.60)                              |
| Increase in loans and advances                                                                       | (15.02)                              | (12.30)                              |
| Decrease/ (Increase) in other assets                                                                 | 4.53                                 | (2.61)                               |
| <b>Cash used in operations</b>                                                                       | <b>129.85</b>                        | <b>(132.45)</b>                      |
| Direct taxes paid (net of refunds)                                                                   | 4.33                                 | 3.75                                 |
| <b>Net cash flow from/ (used in) operating activities (A)</b>                                        | <b>134.18</b>                        | <b>(128.70)</b>                      |
| <b>Cash flows from investing activities</b>                                                          |                                      |                                      |
| Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances | (60.19)                              | (53.30)                              |
| Proceeds from sale of fixed assets                                                                   | 14.69                                | 3.89                                 |
| Company's share of profit in the joint ventures received                                             | 4.55                                 | 3.33                                 |
| Advances given to subsidiaries / joint ventures/associate                                            | (0.32)                               | (2.99)                               |
| Refund of Advances from subsidiaries / joint ventures / associate                                    | 1.50                                 | 203.51                               |
| Proceeds from bank deposits (having original maturity of more than three months)                     | 1.44                                 | 4.74                                 |
| Interest received                                                                                    | 7.04                                 | 95.28                                |
| <b>Net cash flow (used in)/ from investing activities (B)</b>                                        | <b>(31.29)</b>                       | <b>254.46</b>                        |

# Cash Flow Statement for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                         | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|-------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flow from financing activities</b>                              |                                      |                                      |
| Proceeds from issuance of equity share capital                          | 53.00                                | 76.90                                |
| Redemption of preference share capital                                  | (53.00)                              | (44.25)                              |
| Proceeds from long-term borrowings                                      | 148.99                               | 247.91                               |
| Repayment of long-term borrowings                                       | (161.87)                             | (338.64)                             |
| Proceeds from short-term borrowings (net)                               | 55.81                                | 119.10                               |
| Interest paid                                                           | (146.44)                             | (202.04)                             |
| <b>Net cash flow used in financing activities (C)</b>                   | <b>(103.51)</b>                      | <b>(141.02)</b>                      |
| Net decrease in cash and cash equivalents (A + B + C)                   | (0.62)                               | (15.26)                              |
| Cash and cash equivalents at the beginning of the year                  | 4.20                                 | 19.46                                |
| <b>Cash and cash equivalents at the end of the year (Refer note 17)</b> | <b>3.58</b>                          | <b>4.20</b>                          |

Summary of significant accounting policies (Refer note 2.1)

The accompanying notes are an integral part of the financial statements

## Note:

- Interest accrued on Inter-Corporate Deposit given to Hill County Properties Limited Rs. 9.99 (March 31, 2016: Rs. 9.94) has been converted into Inter-Corporate Deposit. This has been considered as non-cash item for the purpose of cash flow statement

As per our report of even date

## For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

## per Vikas Kumar Pansari

Partner

Membership No: 093649

## For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

## Ramchand K

Chairman

DIN: 00051769

## Mukund Sapre

Managing Director

DIN: 00051841

## Dr. S N Mukherjee

Chief Financial Officer

## Sushil Dudeja

Company Secretary

Place : Mumbai

Date : May 29, 2017

Place : Mumbai

Date : May 29, 2017

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 1. Corporate information:

IL&FS Engineering and Construction Company Limited ("IECCL" or "the Company") is a public company domiciled in India. The Company is primarily engaged in the business of erection / construction of roads, irrigation projects, buildings, oil & gas infrastructure, railway infrastructure, power plants, power transmission & distribution lines including rural electrification and development of ports. The equity shares of the Company are listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE")

## 2. Basis for preparation of financial statements:

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year

### 2.1 Statement of significant accounting policies:

#### (a) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates

#### (b) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. Revenue recognized is net of taxes

##### Revenue from construction contracts

Revenue from construction contracts is recognized on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014. The percentage of completion is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. However, profit is not recognized unless there is reasonable progress on the contract. If total cost of a contract, based on technical and other estimates, is estimated to exceed the total contract revenue, the foreseeable loss is provided for. The effect of any adjustment arising from revision to estimates is included in the income statement of the year in which revisions

are made. Contract revenue earned in excess of billing has been reflected under "Inventories" and billing in excess of contract revenue has been reflected under "other current liabilities" in the balance sheet. Revenue recognized is net of taxes.

Price escalation and other claims or variations in the contract works are included in contract revenue only when:

- (a) Negotiations have reached to an advanced stage (which is evidenced on receipt of favourable arbitration award, acceptance by customer, other probability assessments, etc.,) such that it is probable that customer will accept the claim; and
- (b) The amount that is probable will be accepted by the customer and can be measured reliably

##### Revenue from design and consultancy services

Revenue from the design and consultancy services is recognized as and when services are rendered in accordance with the terms of the agreement with the customers. Revenue recognized is net of taxes

##### Revenue from hire charges

Revenue from hire charges is accounted for in accordance with the terms of agreement with the customers. Revenue recognized is net of taxes

##### Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable

##### Dividend

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date

#### (c) Property, Plant and Equipment:

- (i) Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of plant, property and equipment which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

- (ii) Items of stores and spares that meet the definition of plant, property and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories
- (iii) The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset
- (iv) Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower
- (v) Assets acquired under finance lease are depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower
- (vi) Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized

## (d) Depreciation on property, plant and equipment

- (i) Depreciation on property, plant and equipment other than those mentioned in S.no.(ii) below, is calculated on straight-line basis using the rates arrived at, based on useful lives estimated by the management which coincides with rates prescribed under Schedule II to the Companies Act, 2013
- (ii) Depreciation on the following property, plant and equipment, for which rates are not prescribed under Schedule II to the Companies, Act 2013, is provided on a straight-line basis, at rates that are based on useful lives as estimated by the management:

| Category of asset                                                                                    | Useful life                                      |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Plant and Machinery                                                                                  |                                                  |
| - construction equipment consisting of shuttering / scaffolding material and equipment given on hire | 6 years                                          |
| - shuttering/scaffolding material at project sites                                                   | 6 years                                          |
| Temporary erections – site offices                                                                   | over the expected life of the respective project |
| Leasehold improvements                                                                               | over the period of lease                         |
| Site Infrastructure                                                                                  | 6 years                                          |
| Tools and implements                                                                                 | Fully in the year of purchase                    |

- (iii) Assets costing five thousand rupees or less are fully depreciated in the year of purchase
- (iv) The residual values, useful lives and methods of depreciation of property, plant and equipment are

reviewed at each financial year end and adjusted prospectively, if appropriate

## (e) Intangible Assets:

Software - Computer software license cost is expensed in the year of purchase as there is no expected future economic benefit, except for enterprise wide/project based software license cost which is amortized over the period of license or six years, whichever is lower

Mining rights – Mining rights are amortized in the proportion of material extracted during a year that bears to total estimated extraction over the contractual period

## (f) Investments:

Investments that are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as non-current investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

## (g) Inventories:

- (i) Project materials at site are valued at the lower of cost and estimated net realizable value. Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale
- (ii) Amount due from customers (project work-in-progress) represents contract revenue earned in excess of billing

## (h) Retirement and other employee benefits:

- (i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund.

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund

- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year

Accumulated Gratuity liability which is expected to be paid on account of retirement within 12 months is treated as Short term employee benefit. Accordingly the Company presents the liability as current liability. Accumulated Gratuity liability in respect of which the Company has no obligation before 12 months is treated as long term employee benefit. Accordingly, the Company presents the liability as non-current liability

- (iii) Short-term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. The Company presents the entire leave encashment as current liability in the balance sheet, since the Company does not have an unconditional right to defer its settlement for the 12 months after the expiry date
- (iv) Actuarial gains / losses are immediately taken to Statement of profit and loss and are not deferred

(i) **Income taxes:**

Tax expense consists of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation

or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits

At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

(j) **Foreign currency transactions:**

• **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction

• **Conversion**

Foreign currency monetary items are reported using the closing rate. Non – monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined

• **Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise

• **Forward exchange contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts are amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

forward exchange contract is recognized as income or as expense for the year

- **Accounting for derivative instruments**

As per the announcement of the Institute of Chartered Accountants of India (ICAI) on accounting for derivative contracts, other than those covered under AS-11, are marked to market on a transaction basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are not accounted on the basis of prudence

- **Translation of non-integral foreign operation**

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. The statement of profit and loss is translated at exchange rates prevailing at the dates of transaction or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss

- **Translation of integral foreign operation**

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself

(k) **Leases:**

- **Where the Company is a Lessee**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance costs in the Statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Companies Act, 2013

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term

- **Where the Company is a Lessor**

Assets under operating leases are included in plant, property and equipment. Lease income is recognised in the Statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss

(l) **Borrowing Costs:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur

(m) **Accounting for Joint Ventures:**

Accounting for joint ventures undertaken by the Company has been done in accordance with the requirements of AS-27 "Financial Reporting of Interests in Joint Venture" notified under section 133 of the Companies Act, 2013, and as follows:

- **Jointly controlled operations:**

In respect of joint venture contracts which are executed under work sharing arrangements, the Company's share of revenues, expenses, assets and liabilities are included in the financial statements as revenues, expenses, assets and liabilities respectively. In case of certain construction contracts in the irrigation sector, the share of work executed by the Company has been determined on the basis of certification by lead partner

- **Jointly controlled entities:**

Investments made in unincorporated integrated joint ventures registered in the form of partnership firms or Association of Persons (AoPs) are classified as Jointly Controlled Entities in terms of Accounting Standard (AS)-27 "Financial Reporting of Interest in Joint Ventures" notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

(Accounts) Rules, 2014 and Company's share in profit/losses of the respective entities is recognized in the financial statements. The initial investment including accumulated Company's share of profit/losses in the jointly controlled entities are recognised under investments. Any further funding made by the Company in the jointly controlled entities in the nature of current account transaction is recognised under loans and advances

**(n) Earnings per share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and taxes applicable) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue that have changed the number of outstanding, without a corresponding change in resources

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares

**(o) Impairment:**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life

**(p) Provisions, contingent liabilities and contingent assets:**

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are neither recognised nor disclosed in the financial statements

**(q) Cash and cash equivalents:**

Cash and cash equivalents comprise cash at bank and in hand and short term investments with original maturity of three months or less

**(r) Employee stock compensation cost:**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis

|                                                                                                                                                 | As at<br>March 31, 2017 | As at<br>March' 31, 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|
| <b>3 Share capital</b>                                                                                                                          |                         |                          |
| <b>Authorized shares (Nos.)</b>                                                                                                                 |                         |                          |
| 350,000,000 (March 31, 2016 : 350,000,000) equity shares of Rs. 10 each                                                                         | 350.00                  | 350.00                   |
| 35,000,000 (March 31, 2016 : 35,000,000) preference shares of Rs. 100 each                                                                      | 350.00                  | 350.00                   |
|                                                                                                                                                 | <b>700.00</b>           | <b>700.00</b>            |
| <b>Issued, subscribed and paid up shares (Nos.)</b>                                                                                             |                         |                          |
| 131,121,078 (March 31, 2016 : 121,158,671 ) equity shares of Rs. 10 each fully paid-up                                                          | 131.12                  | 121.16                   |
| 225,000 (March 31, 2016 : 525,000) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid-up                              | 2.25                    | 5.25                     |
| 3,750,000 (March 31, 2016 : 8,750,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid-up | 37.50                   | 87.50                    |
|                                                                                                                                                 | <b>170.87</b>           | <b>213.91</b>            |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

### Equity shares

|                                            | As at March 31, 2017 |               | As at March 31, 2016 |               |
|--------------------------------------------|----------------------|---------------|----------------------|---------------|
|                                            | Number               | Amount        | Number               | Amount        |
| At the beginning of the year               | 121,158,671          | 121.16        | 112,122,818          | 112.12        |
| Issued during the year -Preferential issue | 9,962,407            | 9.96          | 8,900,000            | 8.90          |
| Issued during the year -ESOP exercised     | -                    | -             | 135,853              | 0.14          |
| <b>Outstanding at the end of the year</b>  | <b>131,121,078</b>   | <b>131.12</b> | <b>121,158,671</b>   | <b>121.16</b> |

### 6% cumulative redeemable preference shares

|                                           | As at March 31, 2017 |             | As at March 31, 2016 |             |
|-------------------------------------------|----------------------|-------------|----------------------|-------------|
|                                           | Number               | Amount      | Number               | Amount      |
| At the beginning of the year              | 525,000              | 5.25        | 1,200,000            | 12.00       |
| Redeemed during the year                  | (300,000)            | (3.00)      | (675,000)            | (6.75)      |
| <b>Outstanding at the end of the year</b> | <b>225,000</b>       | <b>2.25</b> | <b>525,000</b>       | <b>5.25</b> |

### 6% optionally convertible cumulative redeemable preference shares

|                                           | As at March 31, 2017 |              | As at March 31, 2016 |              |
|-------------------------------------------|----------------------|--------------|----------------------|--------------|
|                                           | Number               | Amount       | Number               | Amount       |
| At the beginning of the year              | 8,750,000            | 87.50        | 12,500,000           | 125.00       |
| Redeemed during the year                  | (5,000,000)          | (50.00)      | (3,750,000)          | (37.50)      |
| <b>Outstanding at the end of the year</b> | <b>3,750,000</b>     | <b>37.50</b> | <b>8,750,000</b>     | <b>87.50</b> |

## (b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distributions will be in proportion to the number of equity shares held by the shareholders

## (c) Restrictions attached to equity shares

- As at March 31, 2017, 55,400,884 (March 31, 2016: 56,917,073) equity shares are required to be under lock-in as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, of which the Company had created lock-in on April 08, 2015 for 9,795,846 shares and on October 05, 2015 for 8,900,000 shares upto April 29, 2018 and October 10, 2018 respectively. During the current year, the Company has created lock-in for 26,742,631 shares upto October 31, 2017. Further, the Company has allotted 9,962,407 shares on March 24, 2017 on preferential basis, which are required to be locked in for a period of 3 years from the date of receipt of trading approval from the Stock Exchanges. Subsequently, the Company has received the requisite approvals and the lock-in for the aforesaid shares has been made effective on April 13, 2017
- As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's share holding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a maximum period of four years from the effective date i.e. September 27, 2010. Further vide letter dated February 26, 2015, Infrastructure Leasing and Financial Services Limited confirmed that the promoters will not, without the prior written consent of the Bank, dilute its equity holding in the Company below 26% of the paid up equity share capital of the Company

## (d) Terms of 6% cumulative redeemable preference shares

On December 06, 2010, the Company had allotted 5,749,500 6% CRPS of Rs. 100 each fully paid as per the terms of MRA entered with Bankers. The Company had further allotted 236,280 CRPS of Rs. 100 each as fully paid bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) on September 29, 2011. The aforesaid CRPS were redeemed on the due date i.e., March 31, 2015

The Company had also allotted 1,500,000 CRPS to the holders of OCCRPS on September 29, 2011 as fully paid bonus shares in the ratio of 1:16.67 i.e. (one fully paid CRPS of Rs. 100 each for every 16.67 OCCRPS held). The redemption schedule of these bonus CRPS is - 30% on September 30, 2012; 15% each on September 30, 2013 and September 30, 2015; 20% each

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

on September 30, 2014 and September 30, 2016. The 30% bonus CRPS (450,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2012 were purchased by IL&FS Financial Services Limited on September 29, 2012. The Company had extended the redemption period of these preference shares by a period of 3 years with an early redemption right with the Company before the extended period of 3 years by giving 30 days notice period to the shareholders. These shares have been redeemed on September 30, 2015. The 15% Bonus CRPS (225,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2013 were purchased by IL&FS Trust Company Limited, being the Trustee of Maytas Investment Trust, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders. The 20% Bonus CRPS (300,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2014 were redeemed by the Company on March 23, 2015, as per the terms of the issue, as amended. The 15% bonus CRPS (225,000 CRPS of Rs.100 each) which were due for redemption on September 30, 2015, have been redeemed on due date. The 20% bonus CRPS (300,000 CRPS of RS. 100 each) which were due for redemption on September 30, 2016 were redeemed by the Company on March 28, 2017, within the extended period for redemption granted by CRPS holders

CRPS carry cumulative dividend of 6% p.a. The Company declares and pays dividends in Indian rupees. Each holder of 6% CRPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to CRPS. In the event of liquidation of the Company during the existence of CRPS, the holders of CRPS will have priority along with holders of OCCRPS over equity shares in the payment of dividend and repayment of capital

## (e) Terms of 6% optionally convertible cumulative redeemable preference shares

On March 31, 2011, the Company had allotted 25,000,000 OCCRPS of Rs. 100 each fully paid as per the terms of MRA entered with bankers

OCCRPS carry cumulative dividend of 6%. The Company declares and pays dividend in Indian rupees. Each holder of OCCRPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to OCCRPS. In the event of liquidation of the Company during the existence of OCCRPS, the holders of OCCRPS will have priority along with holders of CRPS over equity shares in the payment of dividend and repayment of capital. Out of total 25,000,000 OCCRPS of Rs. 100 each, 30% i.e. 7,500,000 OCCRPS of Rs. 100 each have been converted into 12,417,218 equity shares on September 30, 2012, as per the terms of MRA. There is no further conversion option attached to these OCCRPS. The balance 17,500,000 OCCRPS of Rs. 100 each shall be redeemed at par in four tranches from September 30, 2013 to September 30, 2016. The schedule of redemption is as below:

| Date of redemption | Number of shares to be redeemed | Amount to be redeemed |
|--------------------|---------------------------------|-----------------------|
| 30-Sep-13 *        | 3,750,000                       | 37.50                 |
| 30-Sep-14 #        | 5,000,000                       | 50.00                 |
| 30-Sep-15 ^        | 3,750,000                       | 37.50                 |
| 30-Sep-16 @        | 5,000,000                       | 50.00                 |
| <b>Total</b>       | <b>17,500,000</b>               | <b>175.00</b>         |

\* The OCCRPS which were due for redemption on September 30, 2013 were purchased by IL&FS Trust Company Limited (ITCL), being the Trustee of Maytas Investment Trust, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders

# The OCCRPS were redeemed on March 23, 2015, as per the terms of the issue, as amended

^ The OCCRPS were redeemed on due date, as per the terms of the issue

@ The OCCRPS were redeemed on March 28, 2017, within the extended period for redemption granted by OCCRPS holders

## (f) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

- The Company had allotted 236,280 6% CRPS of Rs. 100 each in 2011-12 as fully paid up bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) by capitalizing securities premium
- The Company had allotted 1,500,000 6% CRPS of Rs. 100 each in 2011-12 as fully paid up bonus shares to the holders of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) in the ratio of 1:16.67 i.e. (one fully paid Bonus CRPS of Rs. 100 each for every 16.67 OCCRPS held) by capitalizing securities premium

**Note:** Shares issued by the Company pursuant to Corporate Debt Restructuring scheme have not been considered for above disclosures

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## (g) List of shareholders holding more than 5% shares in the Company

Equity shares of Rs. 10 each, fully paid

| Name of shareholder                                           | As at March 31, 2017 |                    | As at March 31, 2016 |                    |
|---------------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                               | Number of shares     | Percentage holding | Number of shares     | Percentage holding |
| SBG Projects Investments Limited                              | 36,538,477           | 27.87%             | 36,538,477           | 30.16%             |
| IL&FS Financial Services Limited (IFIN)                       | 27,914,641           | 21.29%             | 22,933,437           | 18.93%             |
| Infrastructure Leasing and Financial Services Limited (IL&FS) | 27,486,243           | 20.96%             | 22,505,040           | 18.57%             |

6% cumulative redeemable preference shares of Rs. 100 each, fully paid

| Name of shareholder                                       | As at March 31, 2017 |                    | As at March 31, 2016 |                    |
|-----------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                           | Number of shares     | Percentage holding | Number of shares     | Percentage holding |
| ICICI Bank Limited *                                      | -                    | -                  | 116,232              | 22.14%             |
| IDBI Bank Limited *                                       | -                    | -                  | 36,648               | 6.98%              |
| State Bank of India *                                     | -                    | -                  | 36,960               | 7.04%              |
| State Bank of Hyderabad *                                 | -                    | -                  | 28,044               | 5.34%              |
| IL&FS Trust Company Limited (c/o Maytas Investment Trust) | 225,000              | 100.00%            | 225,000              | 42.86%             |

\*CRPS were redeemed on March 28, 2017 but were extinguished from the records subsequent to the balance sheet date.

6% optionally convertible cumulative redeemable preference shares of Rs. 100 each, fully paid

| Name of shareholder                                       | As at March 31, 2017 |                    | As at March 31, 2016 |                    |
|-----------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                           | Number of shares     | Percentage holding | Number of shares     | Percentage holding |
| ICICI Bank Limited **                                     | -                    | -                  | 19,37,200            | 22.14%             |
| State Bank of India **                                    | -                    | -                  | 6,16,000             | 7.04%              |
| IDBI Bank Limited **                                      | -                    | -                  | 6,10,800             | 6.98%              |
| State Bank of Hyderabad **                                | -                    | -                  | 4,67,400             | 5.34%              |
| IL&FS Trust Company Limited (c/o Maytas Investment Trust) | 37,50,000            | 100.00%            | 37,50,000            | 42.86%             |

\*\* OCCRPS were redeemed on March 28, 2017 but were extinguished from the records subsequent to the balance sheet date.

As per the records of the Company, including its register of shareholders/ members, the above shareholding represents legal ownership of the shares.

## (h) Shares reserved for issue under options

Refer note 39 for details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company

|          |                                                                                | As at March 31, 2017 | As at March 31, 2016 |
|----------|--------------------------------------------------------------------------------|----------------------|----------------------|
| <b>4</b> | <b>Reserves and surplus</b>                                                    |                      |                      |
|          | <b>Securities premium account</b>                                              |                      |                      |
|          | Balance as per last financial statements                                       | 239.24               | 171.38               |
|          | Add : Addition on allotment of ESOPs exercised during the year                 | -                    | 0.66                 |
|          | Add : Addition on issue of equity shares on preferential basis during the year | 43.04                | 67.20                |
|          | <b>Closing balance</b>                                                         | <b>282.28</b>        | <b>239.24</b>        |
|          | <b>Deficit in the statement of profit and loss</b>                             |                      |                      |
|          | Balance as per last financial statements                                       | (329.55)             | (141.03)             |
|          | Profit/ (loss) from the Statement of profit and loss                           | 2.30                 | (188.52)             |
|          | <b>Net deficit in the statement of profit and loss</b>                         | <b>(327.25)</b>      | <b>(329.55)</b>      |
|          | <b>Total reserves and surplus</b>                                              | <b>(44.97)</b>       | <b>(90.31)</b>       |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                             | Non-current             |                         | Current                 |                         |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                             | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>5 Long-term borrowings</b>                                               |                         |                         |                         |                         |
| <b>Term loans</b>                                                           |                         |                         |                         |                         |
| <b>From banks</b>                                                           |                         |                         |                         |                         |
| Indian rupee term loans (secured)                                           | 124.01                  | 229.00                  | 104.95                  | 78.88                   |
| <b>From others</b>                                                          |                         |                         |                         |                         |
| From related party (secured) (Refer note 37)                                | 870.87                  | 983.61                  | 141.99                  | -                       |
| From other parties (secured)                                                | 176.60                  | 171.50                  | 42.71                   | 9.71                    |
| Vehicle loans (secured)                                                     | 0.94                    | 1.31                    | 0.97                    | 0.88                    |
| Finance lease obligation (secured)                                          | 2.03                    | 3.21                    | 1.15                    | 1.00                    |
|                                                                             | <b>1,174.45</b>         | <b>1,388.63</b>         | <b>291.77</b>           | <b>90.47</b>            |
| <b>The above amount includes</b>                                            |                         |                         |                         |                         |
| Secured borrowings                                                          | 1,174.45                | 1,388.63                | 291.77                  | 90.47                   |
| Amount disclosed under the head "other current liabilities" (Refer note 10) | -                       | -                       | (291.77)                | (90.47)                 |
|                                                                             | <b>1,174.45</b>         | <b>1,388.63</b>         | <b>-</b>                | <b>-</b>                |

- (a) The Company had obtained an approval for the Corporate Debt Restructuring (CDR) from the CDR Empowered Group in earlier years and the impact of the CDR scheme had been given in the financial statements of the year 2009-10
- (b) Indian rupee term loans from banks to the extent of Rs. 119.88 (March 31, 2016: Rs. 179.44) carries an interest @ 11% p.a. (March 31, 2016 : 11% p.a.). The loan is repayable in 20 equal quarterly instalments commencing from June 30, 2014. These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others

Further, Indian rupee term loans to an extent of Rs. 109.08 ( March 31, 2016 : Rs. 128.44) carry an interest rate of 10.10% p.a. to 10.60% p.a. (March 31, 2016 : 10.10% p.a. to 11.15% p.a). These loans are repayable in 4 years as per the schedule given below:

| Particulars | %  | Due dates                                                                                |
|-------------|----|------------------------------------------------------------------------------------------|
| FY 2016-17  | 15 | September 30, 2016, December 31 2016 and March 31, 2017                                  |
| FY 2017-18  | 35 | Quarterly instalments due on June 30, September 30, December 31 and March 31 every year. |
| FY 2018-19  | 40 |                                                                                          |
| FY 2019-20  | 10 |                                                                                          |

These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others. These loans are additionally guaranteed by letter of comfort from Infrastructure Leasing and Financial Services Limited

- (c) Vehicle loans from Non-Banking Financial Companies carry interest @ 13% to 18.39% p.a. (March 31, 2016 : 13% to 18.39% p.a.). These loans are repayable in equated monthly installments over the tenure of 24 months to 60 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken
- (d) Secured loans from related party carry interest @ 12% to 13% p.a. (March 31, 2016 : 12% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 60 months to 84 months from the date of first disbursement

Out of the above, loan to the extent of Rs. 421.60 (March 31, 2016 : Rs. 421.60) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Out of the above, loan of Rs 162 (March 31, 2016 : Rs. 162) is additionally secured by second charge on Inter-Corporate Deposits given to Hill County Properties Limited (HCPL) along with accumulated interest thereon and second charge on loans given to and equipment hire charges receivable from Terra Infra Limited along with accumulated interest thereon

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

Loan to the extent of Rs. 375 (March 31, 2016 : Rs. 375) is secured by second charge on Inter Corporate Deposits of Rs. 343.78 provided by the Company. Of these, loan of Rs. 280 (March 31, 2016 : Rs. 280) is additionally secured by way of second charge on net receivables from a road project to the extent of Rs. 40

Loan to the extent of Rs. 98.30 (March 31, 2016 : Rs. 98.30) is secured by way of hypothecation on second charge basis of the Loans and Advances (including interest accrued) provided by the Company to Cyberabad Expressway Limited & Pondicherry Tindivanam Tollway Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company)

Loan to the extent of Rs. 117.96 (March 31, 2016 : Rs. 88.71) is secured by way of second charge on current assets of the Company. Out of the above, loan to the extent of Rs. 55 (March 31, 2016 : Rs. 43) is additionally secured by way of second charge on fixed assets of the Company

- (e) Secured loans from others carries interest @ 13% to 16.25% p.a. (March 31, 2016 : 13% p.a.). (a) Loan to the extent of Rs. 140.71 carries an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. This loan is repayable within 60 months from the date of first disbursement. (b) Loan to the extent of Rs. 48 carries interest @ 13% p.a linked to variation in IFIN benchmark rate of 16%. This loan is repayable within 36 months from the date of first disbursement. (c) Loan to the extent of Rs. 30.60 carries interest @ IFIN benchmark rate (16% currently) + 0.25% p.a. This loan is repayable within 36 months from the date of first disbursement

Loan of Rs. 140.71 (March 31, 2016 : Rs. 181.21) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with Infrastructure Leasing and Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited. Further, Rs. 48 carries same security for which charge is yet to be created

Loan of Rs 30.60 (March 31, 2016 : Nil) is secured by Second Pari Passu charge by hypothecation of the present and future current assets of the borrower (including but not limited to book debts, operating cash flows, receivables, loans and advances, deposits, investments, commission and revenues of whatsoever nature and whenever arising), created from the proceeds of facility and providing a cover of 1.0 x at all times during the facility

- (f) Finance lease obligation is secured by hypothecation of plant and machinery taken on lease. The interest rate implicit in the lease is 14% p.a. The gross investment in lease, i.e., lease obligation plus interest, is payable in 4 years

|                                                     | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-----------------------------------------------------|-------------------------|-------------------------|
| <b>6 Other long-term liabilities</b>                |                         |                         |
| <b>Trade payables</b>                               |                         |                         |
| Dues to micro and small enterprises (Refer note 36) | -                       | -                       |
| Dues to other than micro and small enterprises*     | 496.47                  | 139.23                  |
| Interest accrued but not due on borrowings          | 324.71                  | 219.65                  |
| Mobilization advance                                | 81.67                   | 34.76                   |
| <b>Others</b>                                       |                         |                         |
| Capital creditors                                   | 8.11                    | 15.81                   |
| Statutory dues                                      | 3.62                    | 3.62                    |
|                                                     | <b>914.58</b>           | <b>413.07</b>           |

\*includes retention money of Rs. 154.10 (March 31, 2016 : Rs. 139.23)

|                                                                 | Long-term               |                         | Short-term              |                         |
|-----------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                 | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>7 Provisions</b>                                             |                         |                         |                         |                         |
| <b>Provision for employee benefits</b>                          |                         |                         |                         |                         |
| Provision for gratuity (Refer note 34)                          | 3.35                    | 3.14                    | 0.38                    | 0.36                    |
| Provision for compensated absences                              | -                       | -                       | 3.23                    | 3.60                    |
|                                                                 | <b>3.35</b>             | <b>3.14</b>             | <b>3.61</b>             | <b>3.96</b>             |
| <b>Other provisions</b>                                         |                         |                         |                         |                         |
| Provision for estimated future loss on projects (Refer note 32) | 13.89                   | 13.27                   | 39.08                   | 32.33                   |
| Provision for liquidated damages (Refer note 33)                | -                       | -                       | 13.20                   | 13.20                   |
|                                                                 | <b>13.89</b>            | <b>13.27</b>            | <b>52.28</b>            | <b>45.53</b>            |
|                                                                 | <b>17.24</b>            | <b>16.41</b>            | <b>55.89</b>            | <b>49.49</b>            |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                             | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------------|-------------------------|-------------------------|
| <b>8 Short-term borrowings</b>              |                         |                         |
| Cash credit facilities from banks (secured) | 476.19                  | 449.37                  |
| Loans from others (unsecured)               | 50.00                   | 21.01                   |
|                                             | <b>526.19</b>           | <b>470.38</b>           |

- (a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 13.80% p.a. (March 31, 2016: 9% to 14.50% p.a.). These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future, except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others

Loans aggregating to Rs.244.42 (March 31, 2016 : Rs.233.22) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju

Loans aggregating to Rs. 231.77 (March 31, 2016 : Rs. 216.15) additionally carry letter of comfort from Infrastructure Leasing and Financial Services Limited

- (b) Unsecured loan from others of Rs. Nil (March 31, 2016 : Rs. 21.01) carried interest @ 14% to 15% p.a. (March 31, 2016: 14% to 15% p.a.) with an original tenor of 3 months. This had been extended by 11 months until September 30, 2015 and further by 10 months until July 31, 2016. Interest on these facilities was payable at monthly rests. This loan has been repaid during the year

Unsecured loan from others of Rs. 50 (March 31, 2016 :Rs Nil) carries interest @ 15.50% to 16% p.a. (March 31, 2016: Nil) which is payable quarterly in arrears. Loan is to be repaid back within 12 months from the date of first disbursement

|                                                                                            | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>9 Trade payables</b>                                                                    |                         |                         |
| - total outstanding dues of micro enterprises and small enterprises (Refer note 36)        | 15.54                   | 42.76                   |
| - total outstanding dues of creditors other than micro enterprises and small enterprises * | 541.80                  | 696.04                  |
| * includes retention money payable of Rs. 65.39 (March 31, 2016: Rs.78.55)                 |                         |                         |
| <b>10 Other current liabilities</b>                                                        |                         |                         |
| Current maturities of long-term borrowings (Refer note 5)                                  | 291.77                  | 90.47                   |
| Interest accrued and due on borrowings / amounts payable to micro and small enterprises *  | 21.86                   | 10.96                   |
| Interest accrued but not due on borrowings / mobilization advance/Advance from customers   | 84.88                   | 43.46                   |
| Mobilization advance                                                                       | 375.55                  | 311.63                  |
| Advance from customers                                                                     | 46.20                   | 15.44                   |
| Advance billing                                                                            | 20.05                   | 19.52                   |
| Dues to joint ventures                                                                     | 0.06                    | 0.07                    |
| Others                                                                                     |                         |                         |
| Capital creditors                                                                          | 20.23                   | 12.61                   |
| Statutory dues                                                                             | 27.19                   | 15.76                   |
|                                                                                            | <b>887.79</b>           | <b>519.92</b>           |

\*Includes interest of Rs. 1.19 (March 31, 2016: Rs. 1.34) not debited by bankers in the cash credit accounts, inspite of instructions issued by the Company

# Notes to financial statements for the year ended March 31, 2017

(All amounts in Rs. Crore except for share data or as otherwise stated)

## 11a. Property, Plant and Equipment

|                          | Land        | Buildings | Temporary erections - site offices | Leasehold improvements* | Plant, and machinery - construction equipment** | Site infrastructure | Office equipment | Tools and implements | Data processing equipments | Furniture and fixtures | Vehicles     | Total -tangible assets |
|--------------------------|-------------|-----------|------------------------------------|-------------------------|-------------------------------------------------|---------------------|------------------|----------------------|----------------------------|------------------------|--------------|------------------------|
| <b>Cost</b>              |             |           |                                    |                         |                                                 |                     |                  |                      |                            |                        |              |                        |
| At March 31, 2015        | 4.78        | 0.17      | 53.28                              | 0.14                    | 517.68                                          | 3.90                | 6.98             | 6.98                 | 6.29                       | 6.09                   | 10.73        | 617.02                 |
| Additions                | -           | -         | 2.13                               | -                       | 20.42                                           | -                   | 0.65             | 1.97                 | 0.43                       | 0.21                   | 1.71         | 27.52                  |
| Disposals                | -           | -         | -                                  | -                       | (40.29)                                         | -                   | -                | -                    | -                          | -                      | (0.75)       | (41.04)                |
| At March 31, 2016        | 4.78        | 0.17      | 55.41                              | 0.14                    | 497.81                                          | 3.90                | 7.63             | 8.95                 | 6.72                       | 6.30                   | 11.69        | 603.50                 |
| Additions                | -           | -         | 30.48                              | -                       | 26.94                                           | -                   | 1.02             | 1.43                 | 0.48                       | 0.25                   | 1.10         | 61.70                  |
| Disposals                | -           | (0.17)    | -                                  | -                       | (184.76)                                        | -                   | (0.28)           | -                    | -                          | -                      | (1.31)       | (186.52)               |
| <b>At March 31, 2017</b> | <b>4.78</b> | <b>-</b>  | <b>85.89</b>                       | <b>0.14</b>             | <b>339.99</b>                                   | <b>3.90</b>         | <b>8.37</b>      | <b>10.38</b>         | <b>7.20</b>                | <b>6.55</b>            | <b>11.48</b> | <b>478.68</b>          |
| <b>Depreciation</b>      |             |           |                                    |                         |                                                 |                     |                  |                      |                            |                        |              |                        |
| At March 31, 2015        | -           | 0.01      | 42.43                              | 0.14                    | 378.30                                          | 3.15                | 5.10             | 6.98                 | 4.60                       | 3.74                   | 6.74         | 451.19                 |
| Charge for the year      | -           | -         | 5.37                               | -                       | 32.23                                           | 0.14                | 0.75             | 1.97                 | 0.84                       | 0.60                   | 1.11         | 43.01                  |
| Disposal during the year | -           | -         | -                                  | -                       | (36.00)                                         | -                   | -                | -                    | -                          | -                      | (0.31)       | (36.31)                |
| At March 31, 2016        | -           | 0.01      | 47.80                              | 0.14                    | 374.53                                          | 3.29                | 5.85             | 8.95                 | 5.44                       | 4.34                   | 7.54         | 457.89                 |
| Charge for the year      | -           | -         | 10.72                              | -                       | 30.30                                           | 0.14                | 0.73             | 1.43                 | 0.73                       | 0.54                   | 0.82         | 45.41                  |
| Disposal during the year | -           | (0.01)    | -                                  | -                       | (160.51)                                        | -                   | (0.28)           | -                    | -                          | -                      | (0.48)       | (161.28)               |
| <b>At March 31, 2017</b> | <b>-</b>    | <b>-</b>  | <b>58.52</b>                       | <b>0.14</b>             | <b>244.32</b>                                   | <b>3.43</b>         | <b>6.30</b>      | <b>10.38</b>         | <b>6.17</b>                | <b>4.88</b>            | <b>7.88</b>  | <b>342.02</b>          |
| <b>Net block</b>         |             |           |                                    |                         |                                                 |                     |                  |                      |                            |                        |              |                        |
| At March 31, 2016        | 4.78        | 0.16      | 7.61                               | -                       | 123.28                                          | 0.61                | 1.78             | -                    | 1.28                       | 1.96                   | 4.15         | 145.61                 |
| <b>At March 31, 2017</b> | <b>4.78</b> | <b>-</b>  | <b>27.37</b>                       | <b>-</b>                | <b>95.67</b>                                    | <b>0.47</b>         | <b>2.07</b>      | <b>-</b>             | <b>1.03</b>                | <b>1.67</b>            | <b>3.60</b>  | <b>136.66</b>          |

\* Leasehold improvements represent fixtures taken on finance lease.

\*\*Plant and machinery - construction equipment

1. Plant and machinery - construction equipment includes shuttering and scaffolding material [Rs. 96.55 (March 31, 2016 : Rs. 84.23)]. Net block value of this shuttering and scaffolding material is Rs. 46.60 (March 31, 2016: Rs. 33.51)
2. Plant and machinery - construction equipment includes equipment given on operating lease.
3. Plant and machinery - construction equipment includes purchased on Finance lease.

| Description                                 | March 31, 2017 | March 31, 2016 |
|---------------------------------------------|----------------|----------------|
| Cost                                        | 11.31          | 15.25          |
| Opening balance of accumulated depreciation | 10.77          | 13.17          |
| Depreciation for the year                   | 0.15           | 1.06           |
| <b>Net book value</b>                       | <b>0.39</b>    | <b>1.02</b>    |

| Description                                 | March 31, 2017 | March 31, 2016 |
|---------------------------------------------|----------------|----------------|
| Cost                                        | 4.82           | 4.42           |
| Opening balance of accumulated depreciation | 0.44           | 0.00           |
| Depreciation for the year                   | 0.92           | 0.44           |
| <b>Net book value</b>                       | <b>3.46</b>    | <b>3.98</b>    |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                               | Mining rights | Computer software | Total intangible assets |
|-------------------------------|---------------|-------------------|-------------------------|
| <b>11 b Intangible assets</b> |               |                   |                         |
| <b>Cost</b>                   |               |                   |                         |
| At March 31, 2015             | -             | 3.87              | 3.87                    |
| Additions                     | 41.89         | 0.15              | 42.04                   |
| Disposals                     | -             | -                 | -                       |
| At March 31, 2016             | 41.89         | 4.02              | 45.91                   |
| Additions                     | -             | 0.27              | 0.27                    |
| Disposals                     | -             | -                 | -                       |
| <b>At March 31, 2017</b>      | <b>41.89</b>  | <b>4.29</b>       | <b>46.18</b>            |
| <b>Amortization</b>           |               |                   |                         |
| At March 31, 2015             | -             | 2.48              | 2.48                    |
| Charge for the year           | -             | 0.65              | 0.65                    |
| Disposal during the year      | -             | -                 | -                       |
| At March 31, 2016             | -             | 3.13              | 3.13                    |
| Charge for the year           | 1.98          | 0.58              | 2.56                    |
| Disposal during the year      | -             | -                 | -                       |
| <b>At March 31, 2017</b>      | <b>1.98</b>   | <b>3.71</b>       | <b>5.69</b>             |
| Net block                     |               |                   |                         |
| At March 31, 2016             | 41.89         | 0.89              | 42.78                   |
| <b>At March 31, 2017</b>      | <b>39.91</b>  | <b>0.58</b>       | <b>40.49</b>            |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                                                                                                                                                                                                         | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>12 Investments</b>                                                                                                                                                                                                                                   |                         |                         |
| <b>Non-current investments, unquoted trade investments</b>                                                                                                                                                                                              |                         |                         |
| <b>(valued at cost unless stated otherwise)</b>                                                                                                                                                                                                         |                         |                         |
| <b>Investment in subsidiaries - equity shares (fully paid-up)</b>                                                                                                                                                                                       |                         |                         |
| 50,000 (March 31, 2016: 50,000) equity shares of Rs. 10 each in Maytas Infra Assets Limited                                                                                                                                                             | 0.05                    | 0.05                    |
| 50,000 (March 31, 2016: 50,000) equity shares of Rs. 10 each in Maytas Vasishta Varadhi Limited                                                                                                                                                         | 0.05                    | 0.05                    |
| 49,995 (March 31, 2016: 49,995) equity shares of Rs. 10 each in Maytas Metro Limited (at cost less provision for other than temporary diminution in value Rs. 0.05 (March 31, 2016: Rs. 0.05))                                                          | -                       | -                       |
| 1,000 (March 31, 2016: 1,000) equity shares of Rs. 100 each in Angeerasa Greenfields Private Limited                                                                                                                                                    | 0.01                    | 0.01                    |
| 1,000 (March 31, 2016: 1,000) equity shares of Rs. 100 each in Saptaswara Agro - Farms Private Limited                                                                                                                                                  | 0.01                    | 0.01                    |
| 1,000 (March 31, 2016: 1,000) equity shares of Rs. 100 each in Ekadanta Greenfields Private Limited                                                                                                                                                     | 0.01                    | 0.01                    |
| 27,500 (March 31, 2016: 27,500) equity shares of Saudi Riyals 1,000 each in Maytas Infra Saudi Arabia Company, Limited Liability Company @                                                                                                              | 33.19                   | 33.19                   |
| <b>Investment in associate - equity shares (fully paid-up)</b>                                                                                                                                                                                          |                         |                         |
| 7,750 (March 31, 2016: 7,750) equity shares of Rs. 100 each in Hill County Properties Limited                                                                                                                                                           | 0.08                    | 0.08                    |
| <b>Investment in association of persons#</b>                                                                                                                                                                                                            |                         |                         |
| Maytas NCC JV                                                                                                                                                                                                                                           | 6.08                    | 4.88                    |
| NCC – Maytas (JV) Pocharam [net of provision of Rs. 0.92 (March 31, 2016: Rs. 0.18)]                                                                                                                                                                    | -                       | 0.74                    |
| Maytas – CTR (JV)                                                                                                                                                                                                                                       | 3.27                    | 3.27                    |
| NCC – Maytas – ZVS (JV)                                                                                                                                                                                                                                 | 0.18                    | 0.16                    |
| <b>Investment in other entities</b>                                                                                                                                                                                                                     |                         |                         |
| <b>In equity shares (fully paid-up)</b>                                                                                                                                                                                                                 |                         |                         |
| 4,000,000 (March 31, 2016: 4,000,000) equity shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.00 (March 31, 2016: Rs. 4.00))                            | -                       | -                       |
| 2,600 (March 31, 2016: 2,600) equity shares of Rs. 10 each in Gulbarga Airport Developers Private Limited                                                                                                                                               | 0.00                    | 0.00                    |
| 2,600 (March 31, 2016: 2,600) equity shares of Rs. 10 each in Shimoga Airport Developers Private Limited                                                                                                                                                | 0.00                    | 0.00                    |
| <b>In preference shares (fully paid-up)</b>                                                                                                                                                                                                             |                         |                         |
| 4,550,000 (March 31, 2016: 4,550,000) Zero coupon convertible preference shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.55 (March 31, 2016: Rs 4.55)) | -                       | -                       |
| 2,441,850 (March 31, 2016: 2,441,850) 9% cumulative optionally convertible redeemable preference shares of Rs. 100 each in Bangalore Elevated Tollway Private Limited *                                                                                 | 24.42                   | 24.42                   |
| <b>In Pass Through Certificates (Refer note 47)</b>                                                                                                                                                                                                     |                         |                         |
| 2,596,675.290 (March 31, 2016 : 2,596,675.290) pass through certificates of Rs. 1,000 each in Maytas Investment Trust *                                                                                                                                 | 259.67                  | 259.67                  |
|                                                                                                                                                                                                                                                         | <b>327.02</b>           | <b>326.54</b>           |

Aggregate amount of provision for diminution in value of investments is Rs. 9.52 (March 31, 2016: Rs. 8.78)

# Includes Company's share of profit in such entities

\* Pledged in favour of Infrastructure Leasing and Financial Services Limited and IL&FS Financial Services Limited

@ Hypothecated to Infrastructure Leasing and Financial Services Limited

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|           |                                                                                     | Long-term            |                      | Short-term           |                      |
|-----------|-------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|           |                                                                                     | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| <b>13</b> | <b>Loans and advances</b>                                                           |                      |                      |                      |                      |
|           | <b>Capital advances</b>                                                             |                      |                      |                      |                      |
|           | Unsecured, considered good                                                          | 0.35                 | 0.15                 | -                    | -                    |
|           | <b>(A)</b>                                                                          | <b>0.35</b>          | <b>0.15</b>          | <b>-</b>             | <b>-</b>             |
|           | <b>Deposits (others)</b>                                                            |                      |                      |                      |                      |
|           | Unsecured, considered good                                                          | 9.18                 | 8.18                 | 2.80                 | 3.59                 |
|           | Considered doubtful                                                                 | 0.07                 | 0.07                 | -                    | -                    |
|           |                                                                                     | 9.25                 | 8.25                 | 2.80                 | 3.59                 |
|           | Provision for doubtful deposits (others)                                            | (0.07)               | (0.07)               | -                    | -                    |
|           | <b>(B)</b>                                                                          | <b>9.18</b>          | <b>8.18</b>          | <b>2.80</b>          | <b>3.59</b>          |
|           | <b>Loans and advances to related parties</b>                                        |                      |                      |                      |                      |
|           | Unsecured, considered good                                                          | 130.07               | 127.54               | 23.14                | 24.87                |
|           | Considered doubtful                                                                 | 36.82                | 28.82                | -                    | -                    |
|           |                                                                                     | 166.89               | 156.36               | 23.14                | 24.87                |
|           | Provision for doubtful advances                                                     | (36.82)              | (28.82)              | -                    | -                    |
|           | <b>(C)</b>                                                                          | <b>130.07</b>        | <b>127.54</b>        | <b>23.14</b>         | <b>24.87</b>         |
|           | <b>Advances recoverable in cash or kind</b>                                         |                      |                      |                      |                      |
|           | Unsecured, considered good                                                          | 74.88                | 3.76                 | 97.86                | 168.63               |
|           | Considered doubtful                                                                 | 23.46                | 18.50                | -                    | -                    |
|           |                                                                                     | 98.34                | 22.26                | 97.86                | 168.63               |
|           | Provision for doubtful advances                                                     | (23.46)              | (18.50)              | -                    | -                    |
|           | <b>(D)</b>                                                                          | <b>74.88</b>         | <b>3.76</b>          | <b>97.86</b>         | <b>168.63</b>        |
|           | <b>Other loans and advances, unsecured, considered good unless otherwise stated</b> |                      |                      |                      |                      |
|           | Loan to other companies                                                             |                      |                      |                      |                      |
|           | - Secured, considered good                                                          | 52.08                | 52.08                | -                    | -                    |
|           | - Unsecured, considered good                                                        | 76.34                | 75.92                | -                    | 0.42                 |
|           | Inter-corporate deposits (Refer note 29)*                                           | 343.78               | 343.78               | -                    | -                    |
|           | Balances with statutory/government authorities                                      | 13.45                | 15.14                | 28.22                | 17.63                |
|           | Advance income tax (net of provision for taxation)                                  | 40.44                | 42.82                | 60.78                | 62.73                |
|           | <b>(E)</b>                                                                          | <b>526.09</b>        | <b>529.74</b>        | <b>89.00</b>         | <b>80.78</b>         |
|           | <b>Total (A + B + C + D + E)</b>                                                    | <b>740.57</b>        | <b>669.37</b>        | <b>212.80</b>        | <b>277.87</b>        |

\*includes Inter-corporate deposits to Angeerasa Greenfields Private Limited (a subsidiary of the Company) Rs. 50 (March 31, 2016 : Rs. 50)

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## Loans and advances to related parties include

|                                                     | Long-term              |                        | Short-term             |                        |
|-----------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                     | As at<br>March 31,2017 | As at<br>March 31,2016 | As at<br>March 31,2017 | As at<br>March 31,2016 |
| <b>Other advances</b>                               |                        |                        |                        |                        |
| Maytas Infra Saudi Arabia Company ^                 | 0.16                   | 0.16                   | -                      | -                      |
| Maytas Infra Assets Limited (gross) #               | 13.87                  | 13.86                  | 1.41                   | 2.91                   |
| Maytas Vasishta Varadhi Limited *                   | 2.84                   | 2.84                   | -                      | -                      |
| Saptaswara Agro - Farms Private Limited (gross) ^ ^ | 0.28                   | 0.27                   | -                      | -                      |
| Maytas Metro Limited ^ ^ ^                          | 0.05                   | 0.04                   | -                      | -                      |
| Angeerasa Greenfields Private Limited **            | 0.03                   | 0.02                   | -                      | -                      |
| Ekadanta Greenfields Private Limited ***            | 0.04                   | 0.03                   | -                      | -                      |
| Maytas CTR JV \$                                    | 21.38                  | 21.74                  | 21.73                  | 21.96                  |
| Maytas NCC JV \$\$                                  | 2.32                   | 1.47                   | -                      | -                      |
| NCC - Maytas JV U1 \$\$\$                           | 0.03                   | 0.03                   | -                      | -                      |
| Hill County Properties Limited                      | 0.05                   | 0.05                   | -                      | -                      |
| <b>Inter corporate deposits</b>                     |                        |                        |                        |                        |
| Hill County Properties Limited                      | 125.84                 | 115.85                 | -                      | -                      |
|                                                     | <b>166.89</b>          | <b>156.36</b>          | <b>23.14</b>           | <b>24.87</b>           |

^ Provision for doubtful advances Rs. 0.16 (March 31,2016: Rs. 0.16)

# Provision for doubtful advances Rs. 11.57 (March 31, 2016: Rs. 11.57)

\* Provision for doubtful advances Rs. 2.84 (March 31, 2016: Rs. 2.84)

^ ^ Provision for doubtful advances Rs. 0.27 (March 31, 2016: Rs. 0.27)

^ ^ ^ Provision for doubtful advances Rs. 0.04 (March 31, 2016: Rs. 0.04)

\*\* Provision for doubtful advances Rs. 0.02 (March 31, 2016: Rs. 0.02)

\*\*\* Provision for doubtful advances Rs. 0.03 (March 31, 2016: Rs. 0.03)

\$ Provision for doubtful advances Rs. 21.11 (March 31, 2016: Rs.13.11)

\$\$ Provision for doubtful advances Rs. 0.76 (March 31, 2016: Rs. 0.76)

\$\$\$ Provision for doubtful advances Rs. 0.03 (March 31, 2016: Rs. 0.03)

@ includes Rs. 25.37 given to Bangalore Elevated Tollway Private Limited which has been converted into 0.001% non-convertible debentures as at March 31, 2017, for which debenture certificates are yet to be credited into Company's demat account

|                                                           |            | Non-current                |                            | Current                    |                            |
|-----------------------------------------------------------|------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                                           |            | As at<br>March 31,<br>2017 | As at<br>March 31,<br>2016 | As at<br>March 31,<br>2017 | As at<br>March 31,<br>2016 |
| <b>14 Other assets</b>                                    |            |                            |                            |                            |                            |
| <b>Interest accrued on deposits and others</b>            |            |                            |                            |                            |                            |
| Considered good                                           |            | 246.69                     | 119.28                     | 15.94                      | 44.56                      |
| Considered doubtful                                       |            | 41.92                      | 41.92                      | -                          | -                          |
|                                                           |            | 288.61                     | 161.20                     | 15.94                      | 44.56                      |
| Provision for doubtful interest accrued                   |            | (41.92)                    | (41.92)                    | -                          | -                          |
|                                                           | <b>(A)</b> | <b>246.69</b>              | <b>119.28</b>              | <b>15.94</b>               | <b>44.56</b>               |
| <b>Claim for performance bank guarantee</b>               |            |                            |                            |                            |                            |
| Considered doubtful                                       |            | 21.12                      | 21.12                      | -                          | -                          |
| Provision for doubtful bank guarantee                     |            | (21.12)                    | (21.12)                    | -                          | -                          |
|                                                           | <b>(B)</b> | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   |
| <b>Unsecured, considered good unless otherwise stated</b> |            |                            |                            |                            |                            |
| Non-current bank balances (Refer note 17)                 |            | 5.32                       | 8.17                       | -                          | -                          |
| Non-current trade receivables (Refer note 16)             |            | 307.64                     | 367.46                     | -                          | -                          |
| Non-current inventories (Refer note 15)                   |            | 965.14                     | 381.52                     | -                          | -                          |
| <b>Others</b>                                             |            |                            |                            |                            |                            |
| Fixed assets held for sale                                |            | -                          | -                          | 12.48                      | 12.48                      |
| <b>Other receivables</b>                                  |            |                            |                            |                            |                            |
| Considered good                                           |            | 5.72                       | 3.94                       | 85.61                      | 11.47                      |
| Doubtful                                                  |            | 1.98                       | 1.98                       | -                          | -                          |
|                                                           |            | 1,285.80                   | 763.07                     | 98.09                      | 23.95                      |
| Provision for doubtful other receivables                  |            | (1.98)                     | (1.98)                     | -                          | -                          |
|                                                           | <b>(C)</b> | <b>1,283.82</b>            | <b>761.09</b>              | <b>98.09</b>               | <b>23.95</b>               |
| <b>Total (A + B + C)</b>                                  |            | <b>1,530.51</b>            | <b>880.37</b>              | <b>114.03</b>              | <b>68.51</b>               |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                                             | Non-Current          |                      | Current              |                      |
|---------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                                             | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| <b>15 Inventories [Refer note 2.1 (g)]</b>                                                  |                      |                      |                      |                      |
| Project materials                                                                           | -                    | -                    | 106.04               | 106.85               |
| Amount due from customers (project work-in-progress)                                        | 965.14               | 381.52               | 619.51               | 723.36               |
|                                                                                             | <b>965.14</b>        | <b>381.52</b>        | <b>725.55</b>        | <b>830.21</b>        |
| Amount disclosed under non-current assets (Refer note 14)                                   | (965.14)             | (381.52)             | -                    | -                    |
|                                                                                             | <b>-</b>             | <b>-</b>             | <b>725.55</b>        | <b>830.21</b>        |
| <b>16 Trade receivables</b>                                                                 |                      |                      |                      |                      |
| <b>Outstanding for a period exceeding six months from the date they are due for payment</b> |                      |                      |                      |                      |
| Unsecured, considered good                                                                  | 68.65                | 97.88                | 151.44               | 99.26                |
| Doubtful                                                                                    | 63.89                | 60.31                | -                    | -                    |
|                                                                                             | <b>132.54</b>        | <b>158.19</b>        | <b>151.44</b>        | <b>99.26</b>         |
| Provision for doubtful receivables                                                          | (63.89)              | (60.31)              | -                    | -                    |
|                                                                                             | <b>(A) 68.65</b>     | <b>97.88</b>         | <b>151.44</b>        | <b>99.26</b>         |
| <b>Other receivables*</b>                                                                   |                      |                      |                      |                      |
| Unsecured, considered good                                                                  |                      |                      |                      |                      |
|                                                                                             | <b>(B) 238.99</b>    | <b>269.58</b>        | <b>252.31</b>        | <b>350.51</b>        |
| Amount disclosed under non-current assets (Refer note 14)                                   |                      |                      |                      |                      |
|                                                                                             | <b>(C) (307.64)</b>  | <b>(367.46)</b>      | <b>-</b>             | <b>-</b>             |
| <b>Total (A + B + C)</b>                                                                    | <b>-</b>             | <b>-</b>             | <b>403.75</b>        | <b>449.77</b>        |

\* Non-current represents retention money of Rs. 238.99 (March 31, 2016: Rs.269.58) and Current includes retention money of Rs. 148.94 (March 31, 2016: Rs. 165.43)

|                                                                                  | Non-Current          |                      | Current              |                      |
|----------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                                  | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| <b>17 Cash and bank balances</b>                                                 |                      |                      |                      |                      |
| <b>Cash and cash equivalents</b>                                                 |                      |                      |                      |                      |
| <b>Balances with banks:</b>                                                      |                      |                      |                      |                      |
| On current accounts                                                              | -                    | -                    | 3.40                 | 4.12                 |
| Deposits with original maturity for less than 3 months                           | -                    | -                    | 0.09                 | -                    |
| Cash on hand                                                                     | -                    | -                    | 0.09                 | 0.08                 |
|                                                                                  | <b>-</b>             | <b>-</b>             | <b>3.58</b>          | <b>4.20</b>          |
| <b>Other bank balances</b>                                                       |                      |                      |                      |                      |
| Deposits with original maturity for more than 12 months *                        | 0.22                 | 0.66                 | 0.36                 | 0.02                 |
| Deposits with original maturity for more than 3 months but less than 12 months * | -                    | -                    | 0.01                 | 0.01                 |
| Margin money deposits **                                                         | 5.10                 | 7.51                 | 17.82                | 16.75                |
|                                                                                  | <b>5.32</b>          | <b>8.17</b>          | <b>18.19</b>         | <b>16.78</b>         |
| Amount disclosed under non-current assets (Refer note 14)                        | (5.32)               | (8.17)               | -                    | -                    |
|                                                                                  | <b>-</b>             | <b>-</b>             | <b>21.77</b>         | <b>20.98</b>         |

\* Deposits under lien

\*\* Lodged with authorities

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

| Particulars                                         | SBN's    | ODN's       | Total       |
|-----------------------------------------------------|----------|-------------|-------------|
| <b>Closing cash in hand as on November 08, 2016</b> | 0.24     | 0.20        | 0.44        |
| Add: Permitted receipts                             | -        | 0.84        | 0.84        |
| Add: Non permitted receipts                         | -        | -           | -           |
| Less: Permitted payments                            | 0.00     | 0.91        | 0.91        |
| Less: Non permitted payments                        | 0.18     | -           | 0.18        |
| Less: Amounts deposited in banks                    | 0.06     | -           | 0.06        |
| <b>Closing cash in hand as on December 30, 2016</b> | <b>-</b> | <b>0.13</b> | <b>0.13</b> |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|----------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>18 Revenue from operations</b>                              |                                      |                                      |
| Revenue from contracts                                         | 1,815.41                             | 1,840.86                             |
| Revenue from equipment hiring services                         | 1.33                                 | 4.01                                 |
| Revenue from other services                                    | 3.48                                 | -                                    |
|                                                                | <b>1,820.22</b>                      | <b>1,844.87</b>                      |
| <b>19 Other income</b>                                         |                                      |                                      |
| Interest income on                                             |                                      |                                      |
| Bank deposits                                                  | 1.96                                 | 2.45                                 |
| Inter corporate deposits and others                            | 110.67                               | 113.89                               |
| Income tax refunds                                             | 3.19                                 | 5.77                                 |
| Gain on exchange fluctuation (net)                             | -                                    | 0.45                                 |
| Liabilities no longer required written back                    | 5.93                                 | 4.24                                 |
| Reversal of liquidated damages (Refer note 33)                 | -                                    | 1.34                                 |
| Profit on sale of fixed assets (net)                           | 61.69                                | -                                    |
| Other non-operating income                                     | 6.12                                 | 6.20                                 |
|                                                                | <b>189.56</b>                        | <b>134.34</b>                        |
| <b>20 Cost of materials consumed</b>                           |                                      |                                      |
| Materials at the beginning of the year                         | 106.85                               | 101.44                               |
| Add: Purchases during the year                                 | 531.76                               | 785.46                               |
|                                                                | <b>638.61</b>                        | <b>886.90</b>                        |
| Less: Stocks written-off                                       | 0.50                                 | 8.10                                 |
|                                                                | <b>638.11</b>                        | <b>878.80</b>                        |
| Less: Materials at the end of the year                         | 106.04                               | 106.85                               |
|                                                                | <b>532.07</b>                        | <b>771.95</b>                        |
| <b>21 Employee benefits expenses</b>                           |                                      |                                      |
| Salaries, wages and bonus                                      | 90.60                                | 116.58                               |
| Contribution to provident fund and other funds (Refer note 34) | 6.74                                 | 6.83                                 |
| Gratuity (Refer note 34)                                       | 0.94                                 | 1.32                                 |
| Compensated absences                                           | 1.22                                 | 1.62                                 |
| Staff welfare expenses                                         | 3.82                                 | 3.69                                 |
|                                                                | <b>103.32</b>                        | <b>130.04</b>                        |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                                                                                                    | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>22 Other expenses</b>                                                                                                                           |                                      |                                      |
| Rent                                                                                                                                               | 14.22                                | 12.85                                |
| Rates and taxes                                                                                                                                    | 9.41                                 | 12.12                                |
| Office maintenance                                                                                                                                 | 6.45                                 | 5.33                                 |
| Communication expenses                                                                                                                             | 1.90                                 | 1.59                                 |
| Printing and stationery                                                                                                                            | 1.30                                 | 0.99                                 |
| Legal and professional charges                                                                                                                     | 16.25                                | 13.53                                |
| Sitting fees                                                                                                                                       | 0.12                                 | 0.09                                 |
| Travelling and conveyance                                                                                                                          | 11.89                                | 11.08                                |
| Business promotion                                                                                                                                 | 0.31                                 | 0.40                                 |
| Donation                                                                                                                                           | 0.03                                 | -                                    |
| Auditor's remuneration (Refer note 44)                                                                                                             | 2.24                                 | 1.60                                 |
| Loss on exchange fluctuation (net)                                                                                                                 | 0.25                                 | -                                    |
| Loss on sale/discard/write off of fixed assets (net)                                                                                               | -                                    | 0.84                                 |
| Site expenses                                                                                                                                      | 28.04                                | 20.79                                |
| Hire charges                                                                                                                                       | 50.22                                | 36.34                                |
| Freight and transportation                                                                                                                         | 12.74                                | 9.68                                 |
| Insurance                                                                                                                                          | 7.06                                 | 5.01                                 |
| Power and fuel                                                                                                                                     | 5.97                                 | 5.14                                 |
| Repairs                                                                                                                                            |                                      |                                      |
| Plant and machinery                                                                                                                                | 14.26                                | 6.94                                 |
| Buildings                                                                                                                                          | 0.05                                 | 0.38                                 |
| Others                                                                                                                                             | 3.57                                 | 3.12                                 |
| Provision for doubtful advances/trade receivables / other assets/investments [net of reversal of provision of Rs. 0.07 (March 31, 2016: Rs. 0.58)] | 17.28                                | 14.39                                |
| Stock written off                                                                                                                                  | 0.50                                 | 8.10                                 |
| Bad debts/advances written-off                                                                                                                     | 1.57                                 | 7.85                                 |
| Provision for future loss (net) (Refer note 32)                                                                                                    | 7.37                                 | 30.84                                |
| Miscellaneous expenses                                                                                                                             | 0.96                                 | 1.30                                 |
|                                                                                                                                                    | <b>213.96</b>                        | <b>210.30</b>                        |
| <b>23 Finance costs</b>                                                                                                                            |                                      |                                      |
| Interest expense                                                                                                                                   | 303.81                               | 282.80                               |
| Bank charges                                                                                                                                       | 24.07                                | 21.26                                |
|                                                                                                                                                    | <b>327.88</b>                        | <b>304.06</b>                        |
| <b>24 Depreciation and amortization expense</b>                                                                                                    |                                      |                                      |
| Depreciation expense                                                                                                                               | 45.41                                | 43.01                                |
| Amortization expense                                                                                                                               | 2.56                                 | 0.65                                 |
|                                                                                                                                                    | <b>47.97</b>                         | <b>43.66</b>                         |
| <b>25 Earnings per share (EPS)</b>                                                                                                                 |                                      |                                      |
| The following reflects the profit/(loss) and share data used in the basic and diluted EPS computation:                                             |                                      |                                      |
| Profit/(loss) after tax                                                                                                                            | 2.30                                 | (188.52)                             |
| Less: Dividend payable to preference shareholders and tax thereon                                                                                  | (2.87)                               | (6.70)                               |
| Loss for calculation of EPS                                                                                                                        | (0.57)                               | (195.22)                             |
| Weighted average number of equity shares considered for calculation of basic and diluted earnings per share                                        | <b>121,377,025</b>                   | <b>117,255,712</b>                   |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 26. Going concern:

The Company has reported a net profit of Rs. 2.30 for the year ended March 31, 2017 (net loss for the year ended March 31, 2016: Rs. 188.52) and has accumulated loss of Rs. 327.25 as at March 31, 2017 (as at March 31, 2016: Rs. 329.55), its net worth has been substantially eroded, there are uncertainties on recovery of its investments/inter corporate deposits/ dues from customers, etc. and the Company's current liabilities exceeds its current assets as at the balance sheet date by Rs. 549.31. Management has taken significant steps for revival and restoration of operations of the Company. Based on the business plan and following mitigating factors, the management is confident that the Company will be able to generate profits in future years and meet its financial obligations as they arise:

- The Company has an order book of Rs. 10,000 approximately as at March 31, 2017
- Management has taken significant steps for revival and restoration of operations of the Company
- The promoter group comprising of Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IFIN), has advanced loans to the tune of Rs.1,012.86 and Rs.188.71 respectively to support the liquidity position of the Company upto March 31, 2017. Further, the promoter has advanced loans to the extent of Rs. 80.60 through its group companies. The Company has an unutilized limit of Rs. 10.74 from IL&FS as at March 31, 2017. Also, there is an unutilised limit of BGs and LCs of Rs. 114.10 from IL&FS. IL&FS had provided a Letter of Comfort to the Consortium Bankers stating that it would use its best efforts to ensure that the Company would not default on any of its obligations to the bankers. Management is confident that the promoter group will continue the financial support to the Company to meet its obligation as they arise
- The Company has issued 9,962,407 equity shares of Rs. 10 each at premium of Rs. 43.20 on a preferential basis to IL&FS and IFIN resulting to total receipt of Rs. 53. The proceeds from the preferential issue were utilized towards redemption of preference shares of Rs. 53, which were due for redemption during the year
- The Company has unutilized Cash Credit limit of Rs. 20.76 and non-fund based limits to the extent of Rs. 71.54 respectively from banks
- During the year, the Company had received report from an independent Credit Rating Agency (CRA) on its long-term and short-term banking facilities, wherein the CRA has reaffirmed BBB- and A3 ratings for its long-term and short-term banking facilities respectively

Keeping in view, the abovementioned mitigating factors, these financial statements have been prepared on a going concern basis

## 27. (a) Contingent liabilities on account of pending litigations

| S. No. | Particulars                                                                                                    | As at March 31, 2017 | As at March 31, 2016 |
|--------|----------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| (i)    | Claims against the Company not acknowledged as debts (interest, if any, not ascertainable after date of order) | 20.10                | 21.35                |
| (ii)   | Direct taxes under dispute *                                                                                   | 37.37                | 27.42                |
| (iii)  | Indirect taxes under dispute **#                                                                               | 71.79                | 85.08                |

\*Income tax demand mainly comprises of demand from the Income Tax authorities upon completion of their assessment upto the financial year 2010-11. The tax demands are mainly on account of classification of waiver of interest and principal amount of loan as revenue receipt which has been considered as capital receipt by the Company, disallowance of expenditure incurred towards extra works/labour cost on projects, disallowance of expenditure on which TDS is not deducted or short deducted, etc.

\*\*The demands raised by the Sales Tax authorities and Central Excise and Service Tax authorities are mainly towards enhancement of taxable turnover due to certain disallowances, change in classification of services provided by the Company, interpretation of the provisions of the Acts etc.

#Excludes Rs. 8.68 (March 31, 2016: Rs. 8.31) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, and the expected timing of resulting outflow of economic benefits cannot be specified

- Consequent to announcement by erstwhile Chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others for seven matters for which the Company submitted its reply with SFIO. While the Company has not accepted these violations, in order to settle these issues, the Company had filed six compounding applications for these alleged violations, for which final orders have been passed by Company Law Board (CLB) during the previous year and the Company has paid Rs. 0.08 as fee for compounding towards the same. Further, no action has been initiated by SFIO on the seventh matter till now
- The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the aforementioned SCN no further communication was made in this regard until February 2013

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company had filed its detailed reply against the SCN in the earlier years and had attended a personal hearing before a whole time member of SEBI in the earlier year and accordingly filed written submissions. During the previous year, SEBI had passed an order ordering the Company to disgorge an amount of Rs. 59.17 along with Simple Interest of 12% p.a. from January 07, 2009 till the date of payment. However, SEBI order had dropped the proposal to debar the Company from accessing the capital market. Aggrieved by the disgorgement order, the Company had preferred an Appeal in Securities Appellate Tribunal (SAT) and obtained stay order against the operation of the order of SEBI. SEBI had filed its affidavit and the Company had filed its rejoinder. The order from SAT is awaited on this matter

- (vi) The Company formed Himachal Joint Venture (HJV) to execute an EPC project with National Hydro Power Corporation (Client). HJV subcontracted this work to SSJV Projects Private Limited (SSJV) and the work has been executed to the extent of Rs. 262.45 by SSJV. Due to the geographical conditions at site, work could not be done at the rates prescribed in the contract. HJV invoked arbitration clause for delays and extra-ordinary geological occurrence in executing the project. The Client en-cashed bank guarantees for an amount of Rs. 216.40 provided by SSJV and issued winding up notice to the Company as well as other joint venture partners. The Company vide its letter dated July 29, 2013 replied to the said notice stating that the matter is disputed and subjudice and would not be legally tenable. Client had filed a winding-up petition against Company and Joint venture partner vide CP 73/2014, which are pending for hearing. SSJV had provided indemnity in favour of the Company against all claims, losses etc. that may arise out of this Contract

Based on the internal assessment and / or legal opinion, the Management is confident that for the above mentioned contingent liabilities, no provision is required to be made as at March 31, 2017

## (b) Other contingent liabilities

| S.No. | Particulars                                                                                                      | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------|------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| (i)   | Guarantees issued by bankers and financial institution (excluding performance obligations)                       | 358.37                  | 417.39                  |
| (ii)  | Guarantees issued by bankers and financial institutions on behalf of the Company towards performance obligations | 759.16                  | 723.07                  |
| (iii) | Corporate guarantees (including guarantees towards performance obligations of the Company)                       | 552.62                  | 378.39                  |
| (iv)  | Liquidated damages                                                                                               | 38.83                   | 32.83                   |
| (v)   | Preference dividend (including dividend tax)                                                                     | 12.92                   | 23.45                   |

## 28. Commitments:

### a. Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 10.08 (March 31, 2016: Rs. 7.08)

### b. Other Commitments:

- The Company has made a commitment to make additional investment of Rs.51.88 in Maytas Infra Saudi Arabia Company Limited Liability Company
- Under a sponsors' support agreement, the Company (a co-sponsor) has obligation to the lenders' of a Special Purpose Vehicle (SPV), whose 26.10% Equity is held by Maytas Investment Trust (MIT), until financial year ending 2027-28, to meet shortfall in Debt service coverage ratio of the SPV on a term loan of Rs. 262.17 (March 31, 2016: Rs. 243.96)

## 29. Inter-Corporate Deposits:

Prior to April 1, 2009 the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 343.78. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 323.78, 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 Andhra Pradesh 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, 2017 continued to disclose as "Suspense Account (Net) Rs. 1,230.40" 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

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

the Central Bureau of Investigation, confirming that an amount of Rs. 1,425 was transferred to SCSL through the intermediary companies, out of which an amount of Rs. 1,230.40 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

## 30. Segment Reporting:

The Company's operations fall into a single business segment "Construction and Infrastructure Development" and in accordance with Accounting Standard 17 - Segment Reporting, segment information with respect to geographical segment has been given in the consolidated financial statements of the Company, therefore no separate disclosure on segment information is given in these financial statements

## 31. Deferred tax:

The Company has no deferred tax liability as at March 31, 2017. Deferred tax assets on timing differences have not been recognized as at March 31, 2017 in the absence of virtual certainty of future taxable profits

## 32. Provision for estimated future loss on projects:

The projects in progress as at March 31, 2017 have been evaluated for future loss, if any, based on estimates relating to cost-to-complete the same. Based on such evaluation, the Company has provided for estimated future losses to an extent of Rs. 52.97 (March 31, 2016: Rs. 45.60) in terms of the requirements of Accounting Standard 7 (revised 2002) "Construction Contracts" notified under section 133 of the Companies Act, 2013 and Companies (Accounting Standards) Amendment Rules, 2016

The movement in the balance is as under:

|                                | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--------------------------------|-------------------------|-------------------------|
| Opening balance                | 45.60                   | 14.76                   |
| Add: Additions during the year | 13.30                   | 31.76                   |
| Less: Reversal during the year | (5.93)                  | (0.92)                  |
| <b>Closing balance</b>         | <b>52.97</b>            | <b>45.60</b>            |

## 33. Provision for liquidated damages:

Liquidated damages are levied as per the terms of the contract for delayed execution of works or delayed achievement of agreed milestones. For all projects in progress, the Management has estimated the probability of levy of liquidated damages, if any, based on completion date as per the contract, extension of time granted by the customer, etc. The movement in provision for liquidated damages is as under:

|                                | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--------------------------------|-------------------------|-------------------------|
| Opening balance                | 13.20                   | 14.54                   |
| Add: Additions during the year | -                       | -                       |
| Less: Reversal during the year | -                       | (1.34)                  |
| <b>Closing balance</b>         | <b>13.20</b>            | <b>13.20</b>            |

## 34. Retirement benefits:

### (a) Disclosures related to defined contribution plan:

Provident fund contribution and Employees' State Insurance contribution (ESI) recognized as expense in the statement of profit and loss Rs.6.74 (March 31, 2016: Rs. 6.83)

### (b) Disclosures related to defined benefit plan:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India

The following tables summarize the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized in the balance sheet for the plan

#### Statement of profit and loss

##### Net employee benefit expense

| Particulars                                       | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|
| Current service cost                              | 0.84                                 | 0.91                                 |
| Interest cost on benefit obligation               | 0.34                                 | 0.30                                 |
| Expected return on plan assets                    | (0.06)                               | (0.03)                               |
| Net actuarial (gain)/ loss recognized in the year | (0.26)                               | 0.14                                 |
| Expenses                                          | 0.07                                 | -                                    |
| <b>Net benefit expense</b>                        | <b>0.94</b>                          | <b>1.32</b>                          |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## Balance sheet

### Benefit Asset/ (Liability)

| Particulars                                 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------------|-------------------------|-------------------------|
| Present value of defined benefit obligation | (4.23)                  | (4.36)                  |
| Fair value of plan assets                   | 0.50                    | 0.86                    |
| <b>Plan Liability</b>                       | <b>3.73</b>             | <b>3.50</b>             |

### Changes in the present value of the defined benefit obligation

| Particulars                               | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------------------------------------------|-------------------------|-------------------------|
| Opening defined benefit obligation        | 4.36                    | 3.81                    |
| Interest cost on benefit obligation       | 0.34                    | 0.30                    |
| Current service cost                      | 0.84                    | 0.91                    |
| Benefits paid                             | (1.05)                  | (0.80)                  |
| Actuarial (gain)/loss on obligation       | (0.26)                  | 0.14                    |
| <b>Closing defined benefit obligation</b> | <b>4.23</b>             | <b>4.36</b>             |

### Changes in fair value of plan assets

| Particulars                              | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|------------------------------------------|-------------------------|-------------------------|
| Opening fair value of plan assets        | 0.86                    | -                       |
| Expected return on plan assets           | 0.06                    | 0.03                    |
| Expenses                                 | (0.07)                  | (0.05)                  |
| Contributions by employer                | 0.70                    | 1.33                    |
| Benefits paid                            | (1.05)                  | (0.45)                  |
| <b>Closing fair value of plan assets</b> | <b>0.50</b>             | <b>0.86</b>             |

### Amounts for current year and previous four years are as follows:

|                                                       | 2016-17 | 2015-16 | 2014-15 | 2012-14 | 2011-12 |
|-------------------------------------------------------|---------|---------|---------|---------|---------|
| Defined benefit obligation                            | 4.23    | 4.36    | 3.81    | 3.26    | 3.25    |
| Loss/(gain) on obligation due to change in assumption | (0.26)  | 0.14    | (0.37)  | (1.10)  | (0.20)  |
| Experience gain on obligation                         | -       | -       | -       | -       | -       |

### The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

| Particulars                   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------------------------------|-------------------------|-------------------------|
| Discount rate                 | 7.47%                   | 7.90%                   |
| Increase in compensation cost | 5.00%                   | 5.00%                   |
| Employee turnover             | 5.00%                   | 5.00%                   |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

### 35. In terms of the disclosures required to be made under the Accounting Standard 7 (revised 2002) notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 for "Construction Contracts"

|                                                                                                                           | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Contract revenue recognized for the year                                                                                  | 1,815.41                             | 1,840.86                             |
| Contract cost incurred and recognized profits (less recognized losses) for contracts in progress up to the reporting date | 10,666.97                            | 9,713.25                             |
| Advances received for contracts in progress                                                                               | 316.51                               | 300.13                               |
| Amount of retention for contracts in progress                                                                             | 357.05                               | 397.02                               |
| Gross amount due from customers for contract work (excluding cancelled projects)                                          | 1,126.02                             | 1,104.88                             |
| Gross amount due to customers for contract work                                                                           | 20.05                                | 19.52                                |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 36. Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:

| Sl. No. | Particulars                                                                                                                                                                                                                                                                         | As at March 31, 2017 | As at March 31, 2016 |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| (a)     | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year                                                                                                                                                            |                      |                      |
|         | Principal amount due to micro and small enterprises                                                                                                                                                                                                                                 | 15.54                | 42.76                |
|         | Interest due on above                                                                                                                                                                                                                                                               | 0.46                 | 0.14                 |
|         |                                                                                                                                                                                                                                                                                     | <b>16.19</b>         | <b>42.90</b>         |
| (b)     | The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year                                                                               | -                    | -                    |
| (c)     | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.                                                            | -                    | -                    |
| (d)     | The amount of interest accrued and remaining unpaid at the end of each accounting year                                                                                                                                                                                              | 0.46                 | 0.14                 |
| (e)     | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | -                    | -                    |

## 37. Related party disclosures:

### I. Names of related parties and relationship with the Company (as per the Accounting Standard 18 – “Related Party Disclosures”):

#### A. Subsidiaries (Related parties where control exists)

1. Maytas Infra Assets Limited
2. Maytas Vasishta Varadhi Limited
3. Maytas Metro Limited
4. Angeerasa Greenfields Private limited
5. Saptaswara Agro - Farms Private Limited
6. Ekadanta Greenfields Private Limited
7. Maytas Infra Saudi Arabia Company (Limited Liability Company)

#### B. Investing party in respect of which the reporting enterprise is an associate

1. Infrastructure Leasing & Financial Services Limited
2. SBG Projects Investments Limited

#### C. Joint ventures (JV)

1. NCC – Maytas (JV)
2. NEC – NCC – Maytas (JV)
3. Maytas – NCC (JV)
4. NCC – Maytas (JV)(Singapore Class Township)
5. Maytas – CTR (JV)
6. NCC – Maytas – ZVS (JV)

#### D. Associate

Hill County Properties Limited

#### E. Enterprises over which key management personnel is able to exercise significant influence

IL&FS Transportation Networks Limited (w.e.f. October 07, 2016)

#### F. Key Management Personnel

1. Mr. Mukund Sapre, Managing Director (w.e.f. October 07, 2016)
2. Mr. Murlidhar Khattar, Managing Director (upto October 06, 2016)
3. Dr. S N Mukherjee, Chief Financial Officer
4. Mr. Sushil Dudeja, Company Secretary (w.e.f. April 04, 2016)
5. Mr. G Venkateshwar Reddy, Company Secretary (upto November 30, 2015)

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## II. Transactions with related parties during the year#:

|                                                                                         | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|-----------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A. Subsidiaries</b>                                                                  |                                      |                                      |
| 1. <b>Maytas Infra Assets Limited</b>                                                   |                                      |                                      |
| Expenses incurred on behalf of the party                                                | 0.00                                 | 0.00                                 |
| Provision for doubtful advances                                                         | -                                    | 0.00                                 |
| Loan and Advances repaid                                                                | (1.50)                               | (2.02)                               |
| 2. <b>Maytas Vasishta Varadhi Limited</b>                                               |                                      |                                      |
| Expenses incurred on behalf of the party                                                | 0.00                                 | 0.00                                 |
| Provision for doubtful advances                                                         | -                                    | (0.00)                               |
| 3. <b>Maytas Metro Limited</b>                                                          |                                      |                                      |
| Expenses incurred on behalf of the party                                                | 0.00                                 | 0.00                                 |
| Provision for doubtful advances                                                         | -                                    | (0.00)                               |
| 4. <b>Angeerasa Greenfields Private Limited</b>                                         |                                      |                                      |
| Expenses incurred on behalf of the party                                                | 0.00                                 | 0.00                                 |
| Provision for doubtful advances                                                         | -                                    | (0.00)                               |
| 5. <b>Saptaswara Agro - Farms Private Limited</b>                                       |                                      |                                      |
| Expenses incurred on behalf of the party                                                | 0.00                                 | 0.00                                 |
| Provision for doubtful advances                                                         | -                                    | (0.00)                               |
| 6. <b>Ekadanta Greenfields Private Limited</b>                                          |                                      |                                      |
| Expenses incurred on behalf of the party                                                | 0.00                                 | 0.00                                 |
| Provision for doubtful advances                                                         | -                                    | (0.00)                               |
| <b>B. Investing party in respect of which the reporting enterprises is an associate</b> |                                      |                                      |
| <b>Infrastructure Leasing &amp; Financial Services Limited</b>                          |                                      |                                      |
| Interest expenditure                                                                    | (154.42)                             | (153.26)                             |
| Payments made on behalf of the Company                                                  | (12.95)                              | (5.11)                               |
| Interest converted into Loan                                                            | -                                    | (35.07)                              |
| Loan taken                                                                              | (69.25)                              | (88.71)                              |
| Loan repaid                                                                             | 40.00                                | 215.07                               |
| Allotment of equity shares (including securities premium)                               | (26.50)                              | (37.69)                              |
| <b>C. Joint Ventures (JV)</b>                                                           |                                      |                                      |
| 1. <b>NEC – NCC – Maytas (JV)</b>                                                       |                                      |                                      |
| Share of profit / (loss) from joint venture                                             | 0.00                                 | -                                    |
| Expenses incurred on behalf of the party                                                | -                                    | 0.03                                 |
| 2. <b>Maytas – NCC (JV)</b>                                                             |                                      |                                      |
| Share of profit / (loss) from joint venture                                             | 5.18                                 | 3.63                                 |
| Receipt against share of profit                                                         | (3.99)                               | (3.18)                               |
| Expenses incurred on behalf of the Company                                              | -                                    | (0.02)                               |
| Revenue from contracts (excluding Project work in progress)                             | (0.81)                               | 15.06                                |
| Provision for doubtful advances/trade receivables                                       | -                                    | (0.05)                               |
| 3. <b>NCC – Maytas (JV) (Singapore Class Township)</b>                                  |                                      |                                      |
| Share of profit / (loss) from joint venture                                             | (0.02)                               | (0.00)                               |
| Provision for investment                                                                | 0.74                                 | -                                    |
| 4. <b>Maytas - CTR JV</b>                                                               |                                      |                                      |
| Share of profit / (loss) from joint venture                                             | -                                    | 0.07                                 |
| Advance given                                                                           | 0.14                                 | 2.99                                 |
| Provision for doubtful advances                                                         | (8.00)                               | (5.00)                               |
| Refund of advance given                                                                 | (0.73)                               | (0.02)                               |
| 5. <b>NCC – Maytas – ZVS JV</b>                                                         |                                      |                                      |
| Share of profit / (loss) from joint venture                                             | 0.60                                 | 0.25                                 |
| Receipt against share of profit                                                         | (0.58)                               | (0.14)                               |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                                                                                               | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>D. Associate</b>                                                                                                                           |                                      |                                      |
| <b>Hill County Properties Limited</b>                                                                                                         |                                      |                                      |
| Inter corporate deposits recovered                                                                                                            | -                                    | (240.15)                             |
| Interest income                                                                                                                               | 12.82                                | 32.64                                |
| Interest converted into Loan                                                                                                                  | 9.99                                 | 48.63                                |
| Reimbursement of expenses received                                                                                                            | -                                    | 0.71                                 |
| Revenue from contracts (excluding Project work in progress)                                                                                   | 3.18                                 | 10.83                                |
| Reimbursement of expenses incurred                                                                                                            | 2.81                                 | -                                    |
| The Company has provided internal audit services to Hill County Properties Limited free of charge                                             |                                      |                                      |
| <b>E. Enterprises over which key management personnel is able to exercise significant influence IL&amp;FS Transportation Networks Limited</b> |                                      |                                      |
| Contract revenue (excluding project work-in-progress)                                                                                         | 112.56                               | -                                    |
| Sale of property, plant and equipment                                                                                                         | 66.33                                | -                                    |
| Lease rental charges                                                                                                                          | 0.22                                 | -                                    |
| Reimbursement of expenses incurred                                                                                                            | 0.33                                 | -                                    |
| <b>E. Key management personnel</b>                                                                                                            |                                      |                                      |
| <b>1. Mr. Murlidhar Khattar</b>                                                                                                               |                                      |                                      |
| Professional charges/ Managerial Remuneration                                                                                                 | 0.77                                 | 1.57                                 |
| <b>2. Dr. S N Mukherjee</b>                                                                                                                   |                                      |                                      |
| Professional charges                                                                                                                          | 0.81                                 | 0.79                                 |
| <b>3. Mr. Sushil Dudeja</b>                                                                                                                   |                                      |                                      |
| Remuneration                                                                                                                                  | 0.25                                 | -                                    |
| <b>3. Mr. G Venkateswar Reddy</b>                                                                                                             |                                      |                                      |
| Remuneration                                                                                                                                  | -                                    | 0.31                                 |

## III. Balances outstanding debit / (credit)#:

|                                                                         | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>A. Subsidiaries (gross)</b>                                          |                         |                         |
| 1. Maytas Infra Assets Limited                                          | 15.33                   | 16.82                   |
| 2. Maytas Vasishta Varadhi Limited                                      | 2.89                    | 2.89                    |
| 3. Maytas Metro Limited                                                 | 0.10                    | 0.09                    |
| 4. Angeerasa Greenfields Private Limited                                | 56.45                   | 56.44                   |
| 5. Saptaswara Agro - Farms Private Limited                              | 0.29                    | 0.28                    |
| 6. Ekadanta Greenfields Private Limited                                 | 0.05                    | 0.04                    |
| 7. Maytas Infra Saudi Arabia Company (Limited Liability Company) (MISA) | 33.35                   | 33.35                   |

#Excluding corporate guarantee of Rs. 178.12 (March 31, 2016: Rs. 181.69) given by the Company on behalf of the MISA for loan of Rs. 111.54 (March 31, 2016: Rs. 105.19) taken by the subsidiary. Further, the Company has made a commitment to make additional investment of Rs.51.88 in Maytas Infra Saudi Arabia Company Limited Liability Company.

|                                                                                        | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|----------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>B. Investing party in respect of which the reporting enterprise is an associate</b> |                         |                         |
| <b>Infrastructure Leasing &amp; Financial Services Limited*</b>                        |                         |                         |
| - Long-term secured loan                                                               | (1,012.86)              | (983.61)                |
| - Interest accrued and not due                                                         | (293.32)                | (174.15)                |
| - Trade payables                                                                       | (6.41)                  | (0.97)                  |

\*Excluding bank guarantee/letter of credits of Rs. 511.19 (March 31, 2016: Rs. 267.71) given on behalf of the Company against which the Company had given corporate guarantees in the nature of counter guarantees to the extent of Rs. 430.46 (March 31, 2016: Rs. 190.96). The Company had also given corporate guarantee of Rs. 125 (March 31, 2016: Rs. 125) for availing Letter of Credit facilities from its bankers.

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

Infrastructure Leasing and Financial Services Limited has provided letter of comfort to banks for cash credit facilities from banks aggregating to Rs. 231.77 (March 31, 2016: Rs. 216.15).

|                                                                                                     | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>C. Joint ventures</b>                                                                            |                         |                         |
| 1. NEC – NCC – Maytas (JV)                                                                          | (0.07)                  | (0.07)                  |
| 2. Maytas – NCC (JV)                                                                                | 11.33                   | 14.02                   |
| 3. NCC – Maytas (JV)                                                                                | 0.03                    | 0.03                    |
| 4. NCC – Maytas (JV) (Singapore Class Township)                                                     | 0.92                    | 0.92                    |
| 5. Maytas – CTR- JV                                                                                 | 46.38                   | 46.97                   |
| 6. NCC – Maytas – ZVS                                                                               | 0.18                    | 0.16                    |
| <b>D. Associate</b>                                                                                 |                         |                         |
| <b>Hill County Properties Limited</b>                                                               |                         |                         |
| - Inter corporate deposits (Unsecured)                                                              | 125.84                  | 115.85                  |
| - Interest accrued                                                                                  | 7.57                    | 4.66                    |
| - Other receivables                                                                                 | 0.59                    | 0.59                    |
| - Trade receivables (including retention money)                                                     | 46.16                   | 88.72                   |
| - Investment                                                                                        | 0.08                    | 0.08                    |
| <b>E. Enterprises over which key management personnel is able to exercise significant influence</b> |                         |                         |
| <b>IL&amp;FS Transportation Networks Limited</b>                                                    |                         |                         |
| - Trade receivables (including retention money)                                                     | 28.25                   | -                       |
| - Other receivables                                                                                 | 66.33                   | -                       |
| - Lease rental Payable                                                                              | 0.22                    | -                       |
| - Other Payables                                                                                    | 0.33                    | -                       |
| <b>F. Key management personnel</b>                                                                  |                         |                         |
| 1. <b>Dr. S N Mukherjee</b>                                                                         |                         |                         |
| Professional charges                                                                                | 0.13                    | 0.07                    |
| 2. <b>Mr. Sushil Dudeja</b>                                                                         |                         |                         |
| Remuneration                                                                                        | 0.04                    | -                       |

## IV. Provisions against balances outstanding:

|                                                                  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| <b>A. Subsidiaries</b>                                           |                         |                         |
| 1. Maytas Infra Assets Limited                                   | (11.57)                 | (11.57)                 |
| 2. Maytas Metro Limited                                          | (0.09)                  | (0.09)                  |
| 3. Saptaswara Agro - Farms Private Limited                       | (0.27)                  | (0.27)                  |
| 4. Maytas Vasishta Varadhi Limited                               | (2.84)                  | (2.83)                  |
| 5. Ekadanta Greenfields Private Limited                          | (0.03)                  | (0.03)                  |
| 6. Angeerasa Greenfields Private Limited                         | (6.43)                  | (6.43)                  |
| 7. Maytas Infra Saudi Arabia Company (Limited Liability Company) | (0.16)                  | (0.16)                  |
| <b>B. Joint Ventures</b>                                         |                         |                         |
| 1. Maytas - NCC (JV)                                             | (1.82)                  | (1.82)                  |
| 2. Maytas - CTR JV                                               | (21.11)                 | (13.11)                 |
| 3. NCC – Maytas (JV) (Singapore Class Township)                  | (0.92)                  | (0.18)                  |
| 4. NCC – Maytas (JV)                                             | (0.03)                  | (0.03)                  |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## V. Maximum amount outstanding during the year in respect of loans and advances in the nature of loans given to subsidiaries, joint ventures and associate in which directors are interested

|                                                                  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| <b>A. Subsidiaries*</b>                                          |                         |                         |
| 1. Maytas Infra Assets Limited                                   | 16.77                   | 18.79                   |
| 2. Maytas Metro Limited                                          | 0.04                    | 0.04                    |
| 3. Saptaswara Agro - Farms Private Limited                       | 0.28                    | 0.27                    |
| 4. Maytas Vasishta Varadhi Limited                               | 2.84                    | 2.84                    |
| 5. Ekadanta Greenfields Private Limited                          | 0.04                    | 0.03                    |
| 6. Angeerasa Greenfields Private Limited                         | 50.03                   | 50.02                   |
| 7. Maytas Infra Saudi Arabia Company (Limited Liability Company) | 0.16                    | 0.16                    |
| <b>B. Joint Ventures</b>                                         |                         |                         |
| 1. Maytas NCC JV - Irrigation                                    | 2.32                    | 1.47                    |
| 2. NCC Maytas JV - U1                                            | 0.03                    | 0.03                    |
| 3. Maytas - CTR JV                                               | 43.71                   | 43.71                   |
| <b>C. Associate#</b>                                             |                         |                         |
| Hill County Properties Limited                                   | 125.89                  | 353.55                  |

\* There is no repayment schedule in respect of all the above loans. They are repayable on demand

# The repayment schedule is not beyond 7 year

## 38. Interest in joint ventures:

Company's financial interest in jointly controlled entities is as follows:

| Sl. No. | Name of joint venture                    | Share  | Assets | Liabilities | Income | Expenditure | Tax    | Profit/(loss) after tax |
|---------|------------------------------------------|--------|--------|-------------|--------|-------------|--------|-------------------------|
| 1       | Maytas - NCC JV                          |        |        |             |        |             |        |                         |
|         | March 31, 2017                           | 50%    | 43.57  | 39.72       | 66.51  | 61.76       | (0.43) | 5.18                    |
|         | March 31, 2016                           | 50%    | 46.86  | 43.51       | 87.06  | 81.49       | 1.94   | 3.63                    |
| 2       | NEC – NCC – Maytas JV                    |        |        |             |        |             |        |                         |
|         | March 31, 2017                           | 25%    | 0.49   | 0.17        | 0.01   | 0.00        | 0.00   | 0.01                    |
|         | March 31, 2016                           | 25%    | 0.48   | 0.17        | -      | 0.00        | -      | (0.00)                  |
| 3       | NCC – Maytas JV                          |        |        |             |        |             |        |                         |
|         | March 31, 2017                           | 50%    | 0.03   | 0.03        | -      | -           | -      | -                       |
|         | March 31, 2016                           | 50%    | 0.03   | 0.03        | -      | -           | -      | -                       |
| 4       | NCC–Maytas JV (Singapore Class Township) |        |        |             |        |             |        |                         |
|         | March 31, 2017                           | 50%    | 1.01   | 0.15        | -      | 0.02        | -      | (0.02)                  |
|         | March 31, 2016                           | 50%    | 1.04   | 0.15        | -      | 0.00        | -      | (0.00)                  |
| 5       | Maytas – CTR JV                          |        |        |             |        |             |        |                         |
|         | March 31, 2017                           | 70%    | 37.40  | 7.35        | -      | -           | -      | -                       |
|         | March 31, 2016                           | 70%    | 37.84  | 7.35        | 0.96   | 0.86        | 0.03   | 0.07                    |
| 6       | NCC – Maytas – ZVS JV                    |        |        |             |        |             |        |                         |
|         | March 31, 2017                           | 39.69% | 7.60   | 7.39        | 19.76  | 18.82       | 0.34   | 0.60                    |
|         | March 31, 2016                           | 39.69% | 6.50   | 6.32        | 7.85   | 7.46        | 0.14   | 0.25                    |

a. The above joint ventures do not have any contingent liability and capital commitment as at March 31, 2017 and March 31, 2016 except in Maytas - CTR JV amounting to Rs. 11.19 (March 31, 2016 : Rs. 11.19) and Maytas – NCC JV amounting to Rs. 16.27 (March 31, 2016: 16.27)

b. All the aforesaid entities are incorporated in India

c. The Company has the following joint ventures, which are in the nature of jointly controlled operations:

- Maytas KBL (JV)
- Maytas KCCPL Flow more (JV)
- Maytas MEIL KBL (JV)
- Maytas MEIL ABB AAG (JV)
- MEIL Maytas ABB AAG (JV)

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

- MEIL Maytas KBL (JV)
- MEIL Maytas WIPL (JV)
- MEIL Maytas AAG (JV)
- MEIL – SEW – Maytas – BHEL (JV)
- L&T KBL Maytas (JV)
- Maytas – Rithwik (JV)
- Maytas Sushee (JV)
- Maytas Gayatri (JV)
- IL&FS Engg – Kalindee (JV)
- AMR-Maytas-KBL-WEG (JV)
- ITDC-Maytas (JV)

The Company's share in assets, liabilities, income and expenditure are duly accounted for in the accounts of the Company in accordance with such division of work as per the work sharing arrangements and therefore does not require separate disclosures. However, joint venture partners are jointly and severally liable to clients for any claims in these projects

## 39. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment scheme to its employees. As at March 31, 2017, the following scheme was in operation:

| Particulars                             | ESOS – 2009 (Grant II)                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of grant                           | June 28, 2012                                                                                                                                                                                                                                                                                                                          |
| Date of Remuneration Committee approval | June 28, 2012                                                                                                                                                                                                                                                                                                                          |
| Date of Shareholder's approval          | November 09, 2009                                                                                                                                                                                                                                                                                                                      |
| Number of options granted               | 2,849,984                                                                                                                                                                                                                                                                                                                              |
| Method of Settlement (Cash / Equity)    | Equity                                                                                                                                                                                                                                                                                                                                 |
| Vesting Period                          | <p><b>Vesting Option -1</b><br/>Options vest on an annual basis at 30%, 30% and 40% over a period of three years.</p> <p><b>Vesting Option - 2</b><br/>Options vest on an annual basis at 40% and 60% over a period of two years.</p> <p><b>Vesting Option - 3</b><br/>Options vest totally after one year from the date of grant.</p> |
| Exercise Period                         | 3 Years from the date of Vesting                                                                                                                                                                                                                                                                                                       |

## I. The details of activity under Grant II of ESOS – 2009 have been summarized below:

| Particulars                                                                    | For the year ended<br>March 31, 2017 |                                                          | For the year ended<br>March 31, 2016 |                                                          |
|--------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------|--------------------------------------|----------------------------------------------------------|
|                                                                                | Number<br>of<br>Options              | Weighted<br>average exercise<br>price<br>(Rs. per share) | Number<br>of<br>options              | Weighted<br>average exercise<br>price<br>(Rs. per share) |
| Outstanding at the beginning of the year                                       | 422,590                              | 58.90                                                    | 757,553                              | 58.90                                                    |
| Granted during the year                                                        | -                                    | -                                                        | -                                    | -                                                        |
| Forfeited during the year                                                      | 97,137                               | 58.90                                                    | 191,110                              | 58.90                                                    |
| Exercised during the year                                                      | -                                    | -                                                        | 135,853                              | 58.90                                                    |
| Expired during the year                                                        | 106,737                              | 58.90                                                    | -                                    | -                                                        |
| Outstanding at the end of the year                                             | 218,716                              | 58.90                                                    | 422,590                              | 58.90                                                    |
| Exercisable at the end of the year                                             | 218,716                              | 58.90                                                    | 422,590                              | 58.90                                                    |
| Weighted average remaining contractual life (in years)                         | 1.24                                 | -                                                        | 2.24                                 | -                                                        |
| Weighted average fair value of options on the date of grant<br>(Rs. per share) | 26.18                                | -                                                        | 26.18                                | -                                                        |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

The details of exercise price for stock options outstanding at the end of the year for ESOS-2009 scheme:

| Year      | Exercise prices (Rs. per share) | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (Rs. per share) |
|-----------|---------------------------------|-------------------------------|-------------------------------------------------------------------|-------------------------------------------------|
| 2016 – 17 | 58.90                           | 218,716                       | 1.24                                                              | 58.90                                           |
| 2015 - 16 | 58.90                           | 422,590                       | 2.24                                                              | 58.90                                           |

- (II) The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| Particulars                               | ESOS 2009 (Grant II) |
|-------------------------------------------|----------------------|
| Expected volatility                       | 54.38%               |
| Risk-free interest rate                   | 8.38%                |
| Weighted average share price (Rs.)        | 58.90                |
| Exercise price (Rs.)                      | 58.90                |
| Expected life of options granted in years | 2.5 – 5.5 years      |

Effect of the above ESOS plan on the statement of profit and loss and on its financial position:

| Particulars                                                              | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Total employee compensation cost pertaining to share based payment plans | -                                 | -                                 |
| Less: Liability for employee stock options outstanding at the year end   | -                                 | -                                 |

In March 2005, the Institute of Chartered Accountants of India had issued a Guidance Note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said Guidance Note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the Financial Statements. Applying the fair value based method defined in the said Guidance Note, the impact on the reported net profit and earnings per share would be as follows as the Company has used intrinsic value method for accounting of employee share based payments:

| Particulars                                                                    | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Loss considered for EPS (Refer note 25)                                        | (0.57)                            | (195.22)                          |
| Add: Employee stock compensation under intrinsic value method                  | -                                 | -                                 |
| Less: Employee stock compensation expense / (reversal) under fair value method | (0.53)                            | (2.10)                            |
| Proforma loss                                                                  | (0.04)                            | (193.12)                          |
| <b>Earnings Per Share (Rs.)</b>                                                |                                   |                                   |
| <b>Basic</b>                                                                   |                                   |                                   |
| - As reported                                                                  | (0.05)                            | (16.65)                           |
| - Proforma                                                                     | (0.00)                            | (16.47)                           |
| <b>Diluted</b>                                                                 |                                   |                                   |
| - As reported                                                                  | (0.05)                            | (16.65)                           |
| - Proforma                                                                     | (0.00)                            | (16.47)                           |

## 40. CIF value of imports:

| Particulars                   | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|-------------------------------|-----------------------------------|-----------------------------------|
| Project materials             | -                                 | 10.61                             |
| Property, plant and equipment | -                                 | -                                 |
|                               | -                                 | <b>10.61</b>                      |

## 41. Earnings in foreign currency (accrual basis) :

| Particulars                | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|----------------------------|-----------------------------------|-----------------------------------|
| Revenue from contracts     | -                                 | 15.88                             |
| Other non-operating income | -                                 | 2.01                              |
|                            | -                                 | <b>17.89</b>                      |

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 42. Expenditure in foreign currency (accrual basis):

| Particulars                    | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Subcontract expense            | -                                    | 5.63                                 |
| Legal and professional charges | -                                    | 0.98                                 |
| Material consumed              | -                                    | 0.12                                 |
| Travelling and conveyance      | 0.04                                 | 0.05                                 |
| Employee benefit expense       | -                                    | 0.43                                 |
| Others                         | 0.38                                 | 0.22                                 |
|                                | <b>0.42</b>                          | <b>7.43</b>                          |

## 43. Imported and indigenous materials consumed:

| Particulars  | For the year ended<br>March 31, 2017 |               | For the year ended<br>March 31, 2016 |               |
|--------------|--------------------------------------|---------------|--------------------------------------|---------------|
|              | %                                    | Value         | %                                    | Value         |
| Imported     | -                                    | -             | 1.38%                                | 10.61         |
| Indigenous   | 100%                                 | 532.07        | 98.62%                               | 761.34        |
| <b>Total</b> | <b>100%</b>                          | <b>532.07</b> | <b>100%</b>                          | <b>771.95</b> |

## 44. Auditor's remuneration (including Service Tax):

| Particulars                                      | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|--------------------------------------------------|--------------------------------------|--------------------------------------|
| Statutory audit                                  | 0.81                                 | 0.81                                 |
| Limited review                                   | 0.35                                 | 0.34                                 |
| Certification and other services                 | 0.85                                 | 0.23                                 |
| Audit fees for consolidated financial statements | 0.17                                 | 0.17                                 |
| Out of pocket expenses                           | 0.06                                 | 0.05                                 |
| <b>Total</b>                                     | <b>2.24</b>                          | <b>1.60</b>                          |

## 45. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure as at March 31, 2017 are detailed below at the exchange rate prevailing at the reporting date:

| Particulars                                   | As at<br>March 31, 2017       |                  | As at<br>March 31, 2016       |                  |
|-----------------------------------------------|-------------------------------|------------------|-------------------------------|------------------|
|                                               | Amount in<br>Foreign currency | Amount in<br>Rs. | Amount in<br>Foreign currency | Amount in<br>Rs. |
| Trade receivables (including retention money) | -                             | -                | AED 2.36                      | 42.50            |
| Advances given                                | AED 0.01                      | 0.09             | AED 0.01                      | 0.09             |
| Advances given                                | SAR 0.01                      | 0.16             | SAR 0.01                      | 0.17             |
| Other receivables                             | USD 0.17                      | 10.85            | AED 0.11                      | 2.01             |
| Bank balances                                 | AED 0.00                      | 0.07             | AED 0.01                      | 0.22             |
| Trade payables                                | AED 0.01                      | 0.16             | AED 0.05                      | 0.97             |
| Security deposit payable                      | -                             | -                | AED 1.58                      | 28.49            |
| Advance billing                               | -                             | -                | AED 0.05                      | 0.96             |
| Investment                                    | SAR 2.75                      | 33.19            | SAR 2.75                      | 33.19            |

## 46. Leases:

### In case of assets taken on lease:

**Operating lease:** Operating leases are mainly in the nature of lease of office premises and machinery with no restrictions and are renewable at mutual consent. There are no restrictions imposed by lease arrangements. There are no subleases

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

Minimum lease payments (MLP) under non-cancellable operating leases are:

| Particulars                                       | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------------------|-------------------------|-------------------------|
| <b>Minimum Lease Payments</b>                     |                         |                         |
| Not later than one year                           | 22.52                   | 0.16                    |
| Later than one year but not later than five years | 33.78                   | -                       |
| Later than five years                             | -                       | -                       |
|                                                   | <b>56.31</b>            | <b>0.16</b>             |

**Finance lease:** The present value of minimum lease rentals is capitalized as plant, property and equipment with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to the Statement of Profit and Loss as they arise. During the year the Company has purchased construction equipment under finance lease. The tenure of the lease is four years. The lease agreement provides for a fixed monthly lease rents over the period of lease term

|                                                | March 31, 2017   |                      | March 31, 2016   |                      |
|------------------------------------------------|------------------|----------------------|------------------|----------------------|
|                                                | Minimum payments | Present value of MLP | Minimum payments | Present value of MLP |
| Within one year                                | 1.52             | 1.15                 | 1.52             | 1.00                 |
| After one year but not more than five years    | 2.30             | 2.06                 | 3.82             | 3.21                 |
| More than five years                           | -                | -                    | -                | -                    |
| Total minimum lease payments                   | 3.82             | 3.21                 | 5.34             | 4.21                 |
| Less: amounts representing finance charges     | (0.61)           | -                    | (1.13)           | -                    |
| <b>Present value of minimum lease payments</b> | <b>3.21</b>      | <b>3.21</b>          | <b>4.21</b>      | <b>4.21</b>          |

| Particulars                                                           | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-----------------------------------------------------------------------|-------------------------|-------------------------|
| Total minimum lease payments during the year                          | 1.00                    | h0.74                   |
| Less: amount representing finance charges                             | (0.69)                  | (0.31)                  |
| <b>Present value of minimum lease payments (rate of interest 14%)</b> | <b>0.31</b>             | <b>0.43</b>             |

## In case of Assets given on lease:

Certain assets of the company are leased out but have no fixed lease terms. Accordingly, no disclosure regarding future minimum lease payments has been made

47. 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), wherein the Company was also a contributory. As at March 31, 2017, the Investment of the Company includes Rs. 259.67 (March 31, 2016: Rs. 259.67) contributed towards these PTCs and has receivables loans and advances and Investments aggregating to Rs. 199.83 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

48. As at March 31, 2017, the Company has accrued proportionate revenue to the extent of percentage of completion in case of various projects of which balance as at March 31, 2017 amounts to Rs. 292.24 (including claims accounted during the year amounting to Rs. 76.49 and Rs.109.44) and interest of Rs. 188.58 (including interest of Rs. 88.13 recognised during

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

the year ended March 31, 2017) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Hon'ble High Court of New Delhi/ advanced stages of negotiations with customers and have been recognised based on Honorable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers. Further, in one of the aforesaid projects, the customer had withheld an amount of Rs. 17.30 as liquidated damages for delays in project completion which is also dependent on the aforesaid judicial proceedings

Since these claims are technical in nature and subject to judicial process, the Company has obtained legal opinion on the recoverability of such claims including interest 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 including interest 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

49. As at March 31, 2017, the Company has made investment of Rs. 33.19 (March 31, 2016 Rs.33.19) in an overseas subsidiary. Based on the latest available management certified financial statements of the aforesaid subsidiary as on March 31, 2017, 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
50. All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00
51. Previous year's figures have been regrouped/rearranged to confirm to those of the current year

As per our report of even date

## For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership No: 093649

## For and on behalf of the board of directors of

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

**Ramchand K**

Chairman

DIN: 00051769

**Mukund Sapre**

Managing Director

DIN: 00051841

**Dr S N Mukherjee**

Chief Financial Officer

**Sushil Dudeja**

Company Secretary

Place : Mumbai

Date : May 29, 2017

Place : Mumbai

Date : May 29, 2017

# Notes to Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

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

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017<br>[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016] |    |                                                                     |                                                                                            |                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| I.                                                                                                                                                              | #  | Particulars                                                         | Audited Figures (as reported before adjusting for qualifications)<br>(Amount in Rs. lakhs) | Adjusted Figures (audited figures after adjusting for qualifications)<br>(Amount in Rs. lakhs) |
|                                                                                                                                                                 | 1. | Turnover / Total income                                             | 182,022                                                                                    | 182,022                                                                                        |
|                                                                                                                                                                 | 2. | Total Expenditure*                                                  | 201,325                                                                                    | 201,325                                                                                        |
|                                                                                                                                                                 | 3. | Net Profit/(Loss)                                                   | 230                                                                                        | 230                                                                                            |
|                                                                                                                                                                 | 4. | Earnings Per Share                                                  | (0.05)                                                                                     | (0.05)                                                                                         |
|                                                                                                                                                                 | 5. | Total Assets                                                        | 425,938                                                                                    | 425,938                                                                                        |
|                                                                                                                                                                 | 6. | Total Liabilities                                                   | 413,348                                                                                    | 413,348                                                                                        |
|                                                                                                                                                                 | 7. | Net Worth                                                           | 12,590                                                                                     | 12,590                                                                                         |
|                                                                                                                                                                 | 8. | Any other financial item(s) (as felt appropriate by the management) | Refer EOM's given in the audit report                                                      |                                                                                                |

\*Refer Sl. No. 5 of the Annual Audited Standalone Financial Results

| II.   | Audit Qualification (each audit qualification separately):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a.    | <b>Details of Audit Qualification:</b><br>As more fully explained in Note 5 of the accompanying statement, as at March 31, 2017, the Company has investment amounting to Rs. 3,319 lakhs made in an overseas subsidiary. Based on the latest available unaudited financial statements of the aforesaid subsidiary as on March 31, 2017, 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 |
| b.    | <b>Type of Audit Qualification :</b> Qualified Opinion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| c.    | <b>Frequency of qualification:</b> First time reported in the year ended March 31, 2016.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| d.    | <b>For Audit Qualification(s) where the impact is quantified by the auditor :</b> Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| e.    | <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| (i)   | <b>Management's estimation on the impact of audit qualification:</b><br>Any adverse effect on financials of the Company is unlikely                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (ii)  | <b>If management is unable to estimate the impact, reasons for the same:</b><br>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 obligation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (iii) | <b>Auditors' Comments on e (i) or e (ii) above:</b><br>As stated in Point II(a) above                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

### per Vikas Kumar Pansari

Partner

Membership No: 093649

### For IL&FS Engineering and Construction Company Limited

### Mukund Sapre

Managing Director

DIN: 00051841

### Debabrata Sarkar

Chairman – Audit Committee

DIN : 02502618

### Dr S N Mukherjee

Chief Financial Officer

Place : Mumbai

Date : May 29, 2017

# INDEPENDENT AUDITOR'S REPORT

To the Members of IL&FS Engineering and Construction Company Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IL&FS Engineering and Construction Company Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associate and jointly controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements')

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, its associate and jointly controlled entities in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group, its associate and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group, its associate and jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the

Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements

## Basis for qualified opinion

As detailed in Note 28, the accompanying consolidated financial statements include aggregate assets of Rs. 12.23 Crores, aggregate revenues of Rs. 0.33 Crore and net cash outflows amounting to Rs.0.00 Crore 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, 2017 been available and accordingly we are unable to comment on the same

## Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated state of affairs of the Group, its associate and jointly controlled entities as at March 31, 2017, of their consolidated loss and their consolidated cash flows for the year ended on that date

## Emphasis of matter

- a. Note 46 of the accompanying consolidated financial statements regarding Rs. 259.67 Crores 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. 199.83 Crores 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 47 of the accompanying consolidated financial statement regarding amount due from customer (project work-in-progress). The holding Company had recognised claims in case of various projects of which balance as at March 31, 2017 aggregates to Rs. 292.24 Crores (including claims accounted during the year amounting to Rs. 109.44 Crores) and interest of Rs.188.58 Crores (including interest of Rs. 88.13 Crores recognised during the year ended March 31, 2017) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution

which are in various stages of arbitration/ appeal with Honourable High Court of New Delhi/ advanced stages of negotiations with customer and have been recognised based on Honourable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers. Further, in one of the aforesaid projects, the customer has withheld an amount of Rs. 17.30 Crores as liquidated damages for delays in project completion which is also dependent on the aforesaid judicial proceedings. Based on expert opinion and internal assessment, the management is of the view that the claims including interest are tenable and there exist no uncertainty as to ultimate collection

- c. Note 32 of the accompanying consolidated financial statements regarding Inter Corporate Deposits (ICDs) amounting to Rs. 362.36 Crores 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, conclusion of legal proceedings, 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 statements 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

## Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, to the extent applicable, we report that:
  - a. We /the other auditors whose reports we have relied upon, have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - (b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;
  - (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act and Companies (Accounting Standards) Amendment Rules, 2016;

- (e) The matter described in the Basis for Qualified Opinion and Emphasis of Matter paragraphs above, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report; and
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and jointly controlled entities – Refer note 30 (a) to the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts Refer note 35 and 36 to the consolidated financial statement as it relates to the Group and jointly controlled entities. The Group and jointly controlled entities do not have any derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India; and
  - iv. The Holding Company and its subsidiaries incorporated in India have provided requisite disclosures in Note 17 to these consolidated financial statements as to the holding of Specified Bank Notes on November 08, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. However, as stated in Note 17 to these consolidated financial statements amounts aggregating to Rs. 0.18 Crores as represented to us by the Management have been utilized for other than permitted transactions

## Other Matter

We did not audit the financial statements and other financial information, in respect of 6 subsidiaries, and 6 jointly controlled entities, whose financial statements include total assets of Rs. 256.60 Crores and net assets of Rs. (15.96) Crores as at March 31, 2017, and total revenues of Rs. 85.65 Crores and net cash inflows of Rs. 1.62 Crores for the year ended on that date. These financial statement and other financial information of the above subsidiaries and joint ventures have been audited by other auditors whose reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of such other auditors. Our opinion is not modified in respect of this matter

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership Number: 093649

Place: Mumbai

Date: May 29, 2017

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of IL&FS Engineering and Construction Company Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of IL&FS Engineering and Construction Company Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

### **Qualified Opinion**

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls system over financial reporting in case of subsidiary companies, which are companies incorporated in India, the following material weakness have been identified as at March 31, 2017:

- a. The Holding Company's internal financial control system over preparation of consolidated financial statements was not operating effectively as the consolidated financial statements were prepared based on un-audited financial statements of an overseas subsidiary which could result in potential misstatements / adjustments, if any, in the consolidated financial statements

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, maintained adequate internal financial controls over financial reporting as at March 31, 2017, based on

the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the internal financial controls over financial reporting were operating effectively in the Holding Company and its subsidiary companies, which are companies incorporated in India as of March 31, 2017

### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 6 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2017, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 29, 2017 expressed a qualified opinion

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Vikas Kumar Pansari**

Partner

Membership Number: 093649

Place: Mumbai

Date: May 29, 2017

# Consolidated Balance sheet as at March 31, 2017

(All amounts in Rs. Crore except for share data or as otherwise stated)

|                                                                                           | Note | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| <b>Equity and liabilities</b>                                                             |      |                         |                         |
| <b>Shareholders' funds</b>                                                                |      |                         |                         |
| Share capital                                                                             | 3    | 170.87                  | 213.91                  |
| Reserves and surplus                                                                      | 4    | (214.77)                | (239.52)                |
|                                                                                           |      | <b>(43.90)</b>          | <b>(25.61)</b>          |
| Minority interest                                                                         | 48   | <b>(110.94)</b>         | <b>(94.16)</b>          |
| <b>Non-current liabilities</b>                                                            |      |                         |                         |
| Long-term borrowings                                                                      | 5    | 1,174.45                | 1,388.63                |
| Other long-term liabilities                                                               | 6    | 944.15                  | 448.67                  |
| Long-term provisions                                                                      | 7    | 17.24                   | 16.41                   |
|                                                                                           |      | <b>2,135.84</b>         | <b>1,853.71</b>         |
| <b>Current liabilities</b>                                                                |      |                         |                         |
| Short-term borrowings                                                                     | 8    | 656.32                  | 594.19                  |
| <b>Trade payables</b>                                                                     | 9    |                         |                         |
| Total outstanding dues of micro enterprises and small enterprises                         |      | 15.54                   | 42.76                   |
| Total outstanding dues of creditors of other than micro enterprises and small enterprises |      | -                       | -                       |
| Other current liabilities                                                                 | 10   | 695.14                  | 986.07                  |
| Short-term provisions                                                                     | 7    | 905.48                  | 587.46                  |
|                                                                                           |      | 56.88                   | 50.78                   |
|                                                                                           |      | <b>2,329.36</b>         | <b>2,261.26</b>         |
|                                                                                           |      | <b>4,310.36</b>         | <b>3,995.20</b>         |
| <b>Assets</b>                                                                             |      |                         |                         |
| <b>Non-current assets</b>                                                                 |      |                         |                         |
| <b>Fixed assets</b>                                                                       |      |                         |                         |
| Property, plant and equipment                                                             | 11 a | 136.66                  | 154.70                  |
| Intangible assets                                                                         | 11 b | 40.49                   | 42.78                   |
| Capital work-in-progress                                                                  |      | 6.78                    | 8.54                    |
| Non-current investments                                                                   | 12   | 284.17                  | 284.17                  |
| Deferred tax assets                                                                       | 34   | -                       | 0.02                    |
| Loans and advances                                                                        | 13   | 759.06                  | 684.11                  |
| Other non-current assets                                                                  | 14   | 1,546.40                | 899.05                  |
|                                                                                           |      | <b>2,773.56</b>         | <b>2,073.37</b>         |
| <b>Current assets</b>                                                                     |      |                         |                         |
| Inventories                                                                               | 15   | 751.46                  | 872.96                  |
| Trade receivables                                                                         | 16   | 421.34                  | 594.38                  |
| Cash and bank balances                                                                    | 17   | 23.99                   | 21.66                   |
| Loans and advances                                                                        | 13   | 223.35                  | 364.30                  |
| Other current assets                                                                      | 14   | 116.66                  | 68.53                   |
|                                                                                           |      | <b>1,536.80</b>         | <b>1,921.83</b>         |
|                                                                                           |      | <b>4,310.36</b>         | <b>3,995.20</b>         |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

**per Vikas Kumar Pansari**

Partner

Membership No: 093649

**For and on behalf of the board of directors of**

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

**Ramchand K**

Chairman

DIN: 00051769

**Dr. S N Mukherjee**

Chief Financial Officer

**Mukund Sapre**

Managing Director

DIN: 00051841

**Sushil Dudeja**

Company Secretary

Place : Mumbai

Date : May 29, 2017

Place : Mumbai

Date : May 29, 2017

# Consolidated Statement of Profit and Loss for the year ended March 31, 2017

(All amounts in Rs. Crore except for share data or as otherwise stated)

|                                                                                               | Note | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|-----------------------------------------------------------------------------------------------|------|--------------------------------------|--------------------------------------|
| <b>Income</b>                                                                                 |      |                                      |                                      |
| Revenue from operations                                                                       | 18   | 1,906.40                             | 2,131.54                             |
| Other income                                                                                  | 19   | 190.20                               | 134.35                               |
| <b>Total revenue (I)</b>                                                                      |      | <b>2,096.60</b>                      | <b>2,265.89</b>                      |
| <b>Expenses</b>                                                                               |      |                                      |                                      |
| Cost of materials consumed                                                                    | 20   | 548.27                               | 1,006.00                             |
| Increase/(Decrease) in work-in-progress                                                       | 21   | 0.92                                 | (1.60)                               |
| Employee benefits expenses                                                                    | 22   | 105.49                               | 140.82                               |
| Subcontractors expenses                                                                       |      | 872.63                               | 903.75                               |
| Other expenses                                                                                | 23   | 224.71                               | 287.78                               |
| Finance costs                                                                                 | 24   | 345.72                               | 308.08                               |
| Depreciation and amortization expense                                                         | 25   | 47.97                                | 56.36                                |
| <b>Total expenses (II)</b>                                                                    |      | <b>2,145.71</b>                      | <b>2,701.19</b>                      |
| <b>Loss before tax (I-II)</b>                                                                 |      | <b>(49.11)</b>                       | <b>(435.30)</b>                      |
| <b>Tax expense:</b>                                                                           |      |                                      |                                      |
| Current tax                                                                                   |      | 2.00                                 | 1.82                                 |
| Taxes for earlier years                                                                       |      | (2.11)                               | -                                    |
| Deferred tax                                                                                  |      | 0.02                                 |                                      |
| <b>Total tax expense</b>                                                                      |      | <b>(0.09)</b>                        | <b>1.82</b>                          |
| <b>Loss after tax and before minority interest</b>                                            |      | <b>(49.02)</b>                       | <b>(437.12)</b>                      |
| Share of loss transferred to minority interest                                                |      | (23.06)                              | (111.37)                             |
| <b>Loss for the year</b>                                                                      |      | <b>(25.96)</b>                       | <b>(325.75)</b>                      |
| <b>Earnings per equity share</b><br>[Nominal value of share Rs. 10 (March 31, 2016 : Rs. 10)] | 26   |                                      |                                      |
| Basic and diluted                                                                             |      | (2.38)                               | (28.35)                              |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

**per Vikas Kumar Pansari**

Partner

Membership No: 093649

**For and on behalf of the board of directors of**

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

**Ramchand K**

Chairman

DIN: 00051769

**Mukund Sapre**

Managing Director

DIN: 00051841

**Dr. S N Mukherjee**

Chief Financial Officer

**Sushil Dudeja**

Company Secretary

Place : Mumbai

Date : May 29, 2017

Place : Mumbai

Date : May 29, 2017

# Consolidated Cash Flow Statement for the year ended March 31, 2017

(All amounts in Rs. Crore except for share data or as otherwise stated)

|                                                                                                          | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|----------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flow from operating activities</b>                                                               |                                      |                                      |
| Loss before tax before minority interest                                                                 | (49.11)                              | (435.30)                             |
| <b>Non cash adjustments to reconcile loss before tax and before minority interest to net cash flows:</b> |                                      |                                      |
| Liabilities no longer required written back                                                              | (5.93)                               | (4.24)                               |
| Provision for / (Reversal) of provision for estimated future loss on projects                            | 7.37                                 | 30.84                                |
| (Gain)/Loss on sale/discard/write off of fixed assets (net)                                              | (61.69)                              | 0.84                                 |
| Provision for retirement benefits                                                                        | (0.14)                               | 0.13                                 |
| Depreciation and amortization expense                                                                    | 47.97                                | 56.36                                |
| Stocks written-off                                                                                       | 1.24                                 | 8.10                                 |
| Provision for doubtful advances/trade receivables/other assets                                           | 16.54                                | 18.21                                |
| Fixed assets/capital work-in-progress written off                                                        | 6.50                                 | -                                    |
| Bad debts/advances written-off                                                                           | 5.01                                 | 77.28                                |
| Reversal of provision for liquidated damages                                                             | -                                    | (1.34)                               |
| Interest expense                                                                                         | 321.65                               | 286.82                               |
| Interest income                                                                                          | (116.45)                             | (122.12)                             |
| <b>Operating (loss) / profit before working capital changes</b>                                          | <b>172.96</b>                        | <b>(84.42)</b>                       |
| <b>Movement in working capital:</b>                                                                      |                                      |                                      |
| Increase/(Decrease) in trade payables                                                                    | 46.73                                | (64.47)                              |
| Increase/(Decrease) in other liabilities                                                                 | 86.20                                | (81.82)                              |
| Decrease in trade receivables                                                                            | 222.28                               | 69.12                                |
| Increase/(Decrease) in inventories                                                                       | (463.36)                             | 54.55                                |
| (Decrease)/Increase in loans and advances                                                                | 63.49                                | (70.04)                              |
| Increase in other assets                                                                                 | (3.69)                               | (2.61)                               |
| <b>Cash used in operations</b>                                                                           | <b>124.61</b>                        | <b>(179.69)</b>                      |
| Direct taxes paid (net of refunds)                                                                       | 4.19                                 | 2.75                                 |
| <b>Net cash used in operating activities (A)</b>                                                         | <b>128.80</b>                        | <b>(176.94)</b>                      |
| <b>Cash flows from investing activities</b>                                                              |                                      |                                      |
| Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances     | (60.49)                              | (75.30)                              |
| Proceeds from sale of fixed assets                                                                       | 14.69                                | 22.86                                |
| Advances given to joint ventures/associate                                                               | 0.14                                 | (2.21)                               |
| Refund of Advances from joint ventures/associate                                                         | -                                    | 201.47                               |
| Proceeds from bank deposits (having original maturity of more than three months)                         | 1.52                                 | 4.56                                 |
| Interest received                                                                                        | 7.66                                 | 95.28                                |
| <b>Net cash flow from/ (used in) investing activities (B)</b>                                            | <b>(36.48)</b>                       | <b>246.66</b>                        |

# Consolidated Cash Flow Statement for the year ended March 31, 2017

(All amounts in Rs. Crore except for share data or as otherwise stated)

|                                                                         | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|-------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flow from financing activities</b>                              |                                      |                                      |
| Proceeds from issuance of equity share capital                          | 53.00                                | 76.90                                |
| Redemption of preference share capital                                  | (53.00)                              | (44.25)                              |
| Proceeds from long-term borrowings                                      | 148.99                               | 247.91                               |
| Repayment of long-term borrowings                                       | (161.87)                             | (338.64)                             |
| Proceeds/(repayment) from short-term borrowings (net)                   | 62.13                                | 176.33                               |
| Interest paid                                                           | (154.52)                             | (202.10)                             |
| <b>Net cash flow (used in) / from financing activities (C)</b>          | <b>(105.27)</b>                      | <b>(83.85)</b>                       |
| <b>Foreign currency translation adjustments (D)</b>                     | <b>13.95</b>                         | <b>(3.29)</b>                        |
| Net decrease in cash and cash equivalents (A + B + C + D)               | 1.00                                 | (17.42)                              |
| Cash and cash equivalents at the beginning of the year                  | 4.70                                 | 22.12                                |
| <b>Cash and cash equivalents at the end of the year (refer note 17)</b> | <b>5.70</b>                          | <b>4.70</b>                          |

Summary of significant accounting policies (Refer note 2.1)

The accompanying notes are an integral part of the financial statements

## Note:

- Interest accrued on Inter-Corporate Deposit given to Hill County Properties Limited Rs. 9.99 (March 31, 2016: Rs. 9.94) has been converted into Inter-Corporate Deposit. This has been considered as non-cash item for the purpose of cash flow statement

As per our report of even date

## For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

## per Vikas Kumar Pansari

Partner

Membership No: 093649

## For and on behalf of the board of directors of

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

## Ramchand K

Chairman

DIN: 00051769

## Mukund Sapre

Managing Director

DIN: 00051841

## Dr. S N Mukherjee

Chief Financial Officer

## Sushil Dudeja

Company Secretary

Place : Mumbai

Date : May 29, 2017

Place : Mumbai

Date : May 29, 2017

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 1. Corporate information:

IL&FS Engineering and Construction Company Limited ("IECCL" or "the Company") is a public company domiciled in India. The Company along with its subsidiaries (collectively termed as "the Group") and its associate and jointly controlled entities (collectively termed as "the Consolidated entities") is primarily engaged in the business of erection / construction of roads, irrigation projects, buildings, oil & gas infrastructure, railway infrastructure, power plants, power transmission & distribution lines including rural electrification and development of ports. The equity shares of the Company are listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE")

## 2. Basis for preparation of Consolidated financial statements:

The consolidated financial statements of the consolidated entities for the year ended March 31, 2017, have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Consolidated entities have prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013 and Companies (Accounting Standards) Amendment Rules, 2016. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year

## 2.1 Statement of significant accounting policies:

### a) Principles of consolidation:

The consolidated financial statements of the Consolidated entities have been prepared using uniform accounting policies for like transactions and other events in similar circumstances, except as referred in note 27 below

Investments in Consolidated entities, except where such investments are acquired with a view to their subsequent disposal in the immediate future, are accounted in accordance with accounting principles as defined under Accounting Standard ('AS') 21 "Consolidated Financial Statements", on a line by line basis, AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements", under Equity method and AS 27 "Financial Reporting of Interests in Joint Ventures", using proportionate consolidation method notified under section 133 of the Companies Act, 2013

The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence

All material inter-company balances and inter-company transactions and resulting unrealized profits or losses are eliminated in full on consolidation of subsidiaries and proportionately (to the extent it pertains to the Group) on consolidation of joint ventures

Minorities' interest in net profits/losses of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company

The difference between the cost to the Group of investment in Subsidiaries and Joint Ventures and the proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment annually

The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended March 31, 2017

The Consolidated Financial Statements for the year ended March 31, 2017 have been prepared on the basis of the financial statements of the following subsidiaries, associate and joint venture entities:

| Name of the Consolidated Entities                                    | Country of Incorporation | % of Interest as at |                |
|----------------------------------------------------------------------|--------------------------|---------------------|----------------|
|                                                                      |                          | March 31, 2017      | March 31, 2016 |
| <b>Subsidiaries</b>                                                  |                          |                     |                |
| Maytas Infra Assets Limited (MIAL)                                   | India                    | 100.00%             | 100.00%        |
| Maytas Metro Limited                                                 | India                    | 99.99%              | 99.99%         |
| Maytas Vashista Varadhi Limited                                      | India                    | 100.00%             | 100.00%        |
| Angeerasa Greenfields Private limited                                | India                    | 100.00%             | 100.00%        |
| Saptaswara Agro-Farms Private Limited                                | India                    | 100.00%             | 100.00%        |
| Ekadanta Greenfields Private Limited                                 | India                    | 100.00%             | 100.00%        |
| Maytas Infra Saudi Arabia Company (Limited liability Company) (MISA) | Saudi Arabia             | 55.00%              | 55.00%         |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                               |       |        |        |
|-----------------------------------------------|-------|--------|--------|
| <b>Joint Ventures (AOPs)</b>                  |       |        |        |
| NCC-Maytas (JV)                               | India | 50.00% | 50.00% |
| NEC-NCC-Maytas(JV)                            | India | 25.00% | 25.00% |
| Maytas-NCC (JV)                               | India | 50.00% | 50.00% |
| NCC-Maytas (JV) (Singapore Class Township)    | India | 50.00% | 50.00% |
| Maytas-CTR (JV)                               | India | 70.00% | 70.00% |
| NCC-Maytas-ZVS (JV)                           | India | 39.69% | 39.69% |
| <b>Associate</b>                              |       |        |        |
| Hill County Properties Limited (Refer Note I) | India | 31.00% | 31.00% |

## Note I:

During the year 2010-11, the Company had invested Rs. 0.10 in equity shares of Hill County Properties Limited (HCPL) constituting 40% of the post issue paid up share capital of HCPL pursuant to the order passed by the Honorable Company Law Board on January 13, 2011 allowing IL&FS Group (consisting of Infrastructure Leasing and Financial Services Limited, IL&FS Financial Services Limited and the Company) to be the new promoters of HCPL. During the earlier year, the Company had sold Rs. 0.02 in equity shares (2,250 Equity Shares of Rs. 100 each) of HCPL constituting 9% of the paid up share capital of HCPL to Infrastructure Leasing and Financial Services Limited. HCPL was under the direct supervision of the Company Law Board (CLB), represented by a nominee director and hence was operating under severe long-term restrictions that significantly impair its ability to transfer funds to the investor. Hence the investment in HCPL was accounted in accordance with Accounting Standard 13 "Accounting for Investments" instead of applying equity method in accounting for investments. During the previous year, the term of the CLB nominee director has expired and HCPL ceased to operate under sever long-term restrictions. However, such acquisition of shares does not form part of a strategy to acquire and retain long term assets / investments. Hence the investment in HCPL is continued to be accounted in accordance with Accounting Standard 13 "Accounting for Investments"

## b) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates

## c) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Consolidated entities and revenue can be reliably measured. Revenue recognized is net of taxes

### Revenue from construction contracts

Revenue from construction contracts is recognized on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014. The percentage of completion is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. However, profit is not recognized unless there is reasonable progress on the contract. If total cost of a contract, based on technical and other estimates, is estimated to exceed the total contract revenue, the foreseeable loss is provided for. The effect of any adjustment arising from revision to estimates is included in the income statement of the year in which revisions are made. Contract revenue earned in excess of billing has been reflected under "Inventories" and billing in excess of contract revenue has been reflected under "other current liabilities" in the balance sheet. Revenue recognized is net of taxes

Price escalation and other claims or variations in the contract works are included in contract revenue only when:

- Negotiations have reached to an advanced stage (which is evidenced on receipt of favourable arbitration award, acceptance by customer, other probability assessments, etc.,) such that it is probable that customer will accept the claim; and
- The amount that is probable will be accepted by the customer and can be measured reliably

### Revenue from design and consultancy services

Revenue from the design and consultancy services is recognized as and when services are rendered in accordance with the terms of the agreement with the customers. Revenue recognized is net of taxes

### Revenue from hire charges

Revenue from hire charges is accounted for in accordance with the terms of agreement with the customers. Revenue recognized is net of taxes

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable

## Dividend

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date

## d) Property, plant and equipment:

- (i) Property, plant, and equipment capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of plant, property and equipment which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred
- (ii) Items of stores and spares that meet the definition of plant, property and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories
- (iii) The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset
- (iv) Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower
- (v) Assets acquired under finance lease are depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower
- (vi) Gains or losses arising from derecognition of plant, property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognised
- (vii) Depreciation on plant, property and equipment other than those mentioned in S No (vi) below, is calculated on straight line basis using the rates

arrived at, based on useful lives as estimated by the management which coincides with rates prescribed under Schedule II to the Companies Act, 2013

- (viii) Depreciation on the following plant, property and equipment, for which rates are not prescribed under Schedule II to the Companies, Act 2013, is provided on a straight-line basis, at rates that are based on useful lives as estimated by the management:

| Category of asset                                                                                     | Useful life                                      |
|-------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Plant and Machinery                                                                                   |                                                  |
| - construction equipment consisting of shuttering/ scaffolding material and equipment's given on hire | 6 years                                          |
| - shuttering/scaffolding material at project sites                                                    | 6 years                                          |
| Temporary erections – site offices                                                                    | over the expected life of the respective project |
| Lease hold improvements                                                                               | over the period of lease                         |
| Site Infrastructure                                                                                   | 6 years                                          |
| Tools and implements                                                                                  | Fully in the year of purchase                    |

- (ix) Assets costing five thousand rupees or less are fully depreciated in the year of purchase
- (x) Depreciation on the following plant, property and equipment of an overseas subsidiary is charged on straight line basis, at the rates based on useful life of the assets as estimated by the Management, which are higher than the rates prescribed under Schedule II to the Companies Act, 2013:

| Category of asset                             | Useful life |
|-----------------------------------------------|-------------|
| Buildings                                     | 4 years     |
| Plant, and machinery - construction equipment | 2-4 years   |
| Vehicles                                      | 4 years     |
| Furniture and fixtures                        | 2-4 years   |
| Office equipment                              | 4 years     |
| Data Processing equipment                     | 2 years     |

- (ix) The net block and depreciation charge respectively of overseas subsidiary is Nil of total net block of tangible assets at the Consolidated entities as at March 31, 2017 (March 31, 2016:5.84%) and Nil of the total depreciation expense for the Consolidated entities for the year ended March 31, 2017 (March 31, 2016: 22.80%)

## e) Intangible Assets - Software:

Software - Computer software license cost is expensed in the year of purchase as there is no expected future economic benefit, except for enterprise wide/project based software license cost which is amortized over the period of license or six years, whichever is lower

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

Mining rights – Mining rights are amortized in the proportion of material extracted during a year that bears to total estimated extraction over the contractual period

## f) Investments:

Investments that are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as non current investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

## g) Inventories:

- (i) Project materials at site are valued at the lower of cost and estimated net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale
- (ii) Work-in-progress related to project and construction is valued at cost till such time the outcome of the related project is ascertained reliably and at contractual rates thereafter
- (iii) Amount due from customers (project work-in-progress) represents contract revenue earned in excess of billing

## h) Retirement and other employee benefits:

- (i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Consolidated entities have no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet

date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund

- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year

Accumulated Gratuity liability which is expected to be paid on account of retirement within 12 months is treated as Short term employee benefit. Accordingly the Consolidated entities present the liability as current liability. Accumulated Gratuity liability in respect of which the consolidated entities have no obligation before 12 months is treated as long term employee benefit. Accordingly the Consolidated entities present the liability as non-current liability

- (iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. The Consolidated entities present the entire leave encashment as current liability in the balance sheet, since the consolidated entities do not have an unconditional right to defer its settlement for the 12 months after the expiry date
- (iv) Actuarial gains / losses are immediately taken to Statement of profit and loss and are not deferred

## i) Segment reporting:

### Identification of segments

The Consolidated entities operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the consolidated entities operate

### Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment

### Segment accounting policies

The Consolidated entities prepare its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## j) Income taxes:

Tax expense consists of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Consolidated entities has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits

At each balance sheet date, the consolidated entities re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Consolidated entities writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

## k) Foreign currency transactions:

### • Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction

### • Conversion

Foreign currency monetary items are reported using the closing rate. Non – monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined

### • Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Consolidated entities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise

### • Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts are amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year

### • Accounting for derivative instruments

As per the announcement of the Institute of Chartered Accountants of India (ICAI) on accounting for derivative contracts, other than those covered under AS-11, are marked to market on a transaction basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are not accounted on the basis of prudence

### • Translation of non-integral foreign operation

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. The statement of profit and loss is translated at exchange rates prevailing at the dates of transaction or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the Statement of profit and loss

### • Translation of integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Consolidated entities itself

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## l) Leases:

### • *Where the Consolidated entities are Lessee*

Finance leases, which effectively transfer to the Consolidated entities substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized

If there is no reasonable certainty that the Consolidated entities will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Companies Act, 2013

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term

### • *Where the Consolidated entities is a Lessor*

Assets under operating leases are included in property, plant and equipment. Lease income is recognised in the Statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of Profit and Loss

## m) Borrowing costs:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur

## n) Accounting for Jointly controlled operations:

In respect of joint venture contracts which are

executed under work sharing arrangements, the Consolidated entities share of revenues, expenses, assets and liabilities are included in the consolidated financial statements as revenues, expenses, assets and liabilities respectively. In case of certain construction contracts in the irrigation sector, the share of work executed by the Consolidated entities has been determined on the basis of certification by lead partner

## o) Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and taxes applicable) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue that have changed the number of outstanding, without a corresponding change in resources

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares

## p) Impairment:

The Consolidated entities assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Consolidated entities estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life

## q) Provisions, contingent liabilities and contingent assets:

A provision is recognised when the Consolidated entities have a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

required to settle the obligation, in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are neither recognised nor disclosed in consolidated financial statements

**r) Cash and cash equivalents:**

Cash and cash equivalents comprise cash at bank and in hand and short term investments with original maturity of three months or less

**s) Employee stock compensation cost:**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Consolidated entities measure compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis

|                                                                                                                                                 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>3 Share capital</b>                                                                                                                          |                         |                         |
| <b>Authorized shares (Nos.)</b>                                                                                                                 |                         |                         |
| 350,000,000 (March 31, 2016 : 350,000,000) equity shares of Rs. 10 each                                                                         | 350.00                  | 350.00                  |
| 35,000,000 (March 31, 2016 : 35,000,000) preference shares of Rs. 100 each                                                                      | 350.00                  | 350.00                  |
|                                                                                                                                                 | <b>700.00</b>           | <b>700.00</b>           |
| <b>Issued, subscribed and paid up shares (Nos.)</b>                                                                                             |                         |                         |
| 131,121,078 (March 31, 2016 : 121,158,671 ) equity shares of Rs. 10 each fully paid-up                                                          | 131.12                  | 121.16                  |
| 225,000 (March 31, 2016 : 525,000) 6% cumulative redeemable preference shares (CRPS) of Rs. 100 each fully paid-up                              | 2.25                    | 5.25                    |
| 3,750,000 (March 31, 2016 : 8,750,000) 6% optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 100 each fully paid-up | 37.50                   | 87.50                   |
|                                                                                                                                                 | <b>170.87</b>           | <b>213.91</b>           |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

**Equity shares**

|                                            | As at March 31, 2017 |               | As at March 31, 2016 |               |
|--------------------------------------------|----------------------|---------------|----------------------|---------------|
|                                            | Number               | Amount        | Number               | Amount        |
| At the beginning of the year               | 121,158,671          | 121.16        | 112,122,818          | 112.12        |
| Issued during the year -Preferential issue | 9,962,407            | 9.96          | 8,900,000            | 8.90          |
| Issued during the year -ESOP exercised     | -                    | -             | 135,853              | 0.14          |
| <b>Outstanding at the end of the year</b>  | <b>131,121,078</b>   | <b>131.12</b> | <b>121,158,671</b>   | <b>121.16</b> |

**6% cumulative redeemable preference shares**

|                                           | As at March 31, 2017 |             | As at March 31, 2016 |             |
|-------------------------------------------|----------------------|-------------|----------------------|-------------|
|                                           | Number               | Amount      | Number               | Amount      |
| At the beginning of the year              | 525,000              | 5.25        | 1,200,000            | 12.00       |
| Redeemed during the year                  | (300,000)            | (3.00)      | (675,000)            | (6.75)      |
| <b>Outstanding at the end of the year</b> | <b>225,000</b>       | <b>2.25</b> | <b>525,000</b>       | <b>5.25</b> |

**6% optionally convertible cumulative redeemable preference shares**

|                                           | As at March 31, 2017 |              | As at March 31, 2016 |              |
|-------------------------------------------|----------------------|--------------|----------------------|--------------|
|                                           | Number               | Amount       | Number               | Amount       |
| At the beginning of the year              | 8,750,000            | 87.50        | 12,500,000           | 125.00       |
| Redeemed during the year                  | (5,000,000)          | (50.00)      | (3,750,000)          | (37.50)      |
| <b>Outstanding at the end of the year</b> | <b>3,750,000</b>     | <b>37.50</b> | <b>8,750,000</b>     | <b>87.50</b> |

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distributions will be in proportion to the number of equity shares held by the shareholders

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## (c) Restrictions attached to equity shares

- (i) As at March 31, 2017, 55,400,884 (March 31, 2016: 56,917,073) equity shares are required to be under lock-in as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, of which the Company had created lock-in on April 8, 2015 for 9,795,846 shares and on October 5, 2015 for 8,900,000 shares upto April 29, 2018 and October 10, 2018 respectively. During the current year, the Company has created lock-in for 26,742,631 shares upto October 31, 2017. Further, the Company has allotted 9,962,407 shares on March 24, 2017 on preferential basis, which are required to be locked in for a period of 3 years from the date of receipt of trading approval from the Stock Exchanges. Subsequently, the Company has received the requisite approvals and the lock-in for the aforesaid shares has been made effective on April 13, 2017
- (ii) As per the Master Restructuring Agreement (MRA) entered into by the Company with its bankers, the promoter's share holding would be retained at a minimum of 26% of issued equity share capital of the Company at any point of time for a maximum period of four years from the effective date i.e. September 27, 2010. Further vide letter dated February 26, 2015, Infrastructure Leasing and Financial Services Limited confirmed that the promoters will not, without the prior written consent of the Bank, dilute its equity holding in the Company below 26% of the paid up equity share capital of the Company

## (d) Terms of 6% cumulative redeemable preference shares

On December 06, 2010, the Company had allotted 5,749,500 6% CRPS of Rs. 100 each fully paid as per the terms of MRA entered with Bankers. The Company had further allotted 236,280 CRPS of Rs. 100 each as fully paid bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) on September 29, 2011. The aforesaid CRPS were redeemed on the due date i.e., March 31, 2015

The Company had also allotted 1,500,000 CRPS to the holders of OCCRPS on September 29, 2011 as fully paid bonus shares in the ratio of 1:16.67 i.e. (one fully paid CRPS of Rs. 100 each for every 16.67 OCCRPS held). The redemption schedule of these bonus CRPS is - 30% on September 30, 2012; 15% each on September 30, 2013 and September 30, 2015; 20% each on September 30, 2014 and September 30, 2016. The 30% bonus CRPS (450,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2012 were purchased by IL&FS Financial Services Limited on September 29, 2012. The Company had extended the redemption period of these preference shares by a period of 3 years with an early redemption right with the Company before the extended period of 3 years by giving 30 days notice period to the shareholders. These shares have been redeemed on September 30, 2015. The 15% Bonus CRPS (225,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2013 were purchased by IL&FS Trust Company Limited, being the Trustee of Maytas Investment Trust, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders. The 20% Bonus CRPS (300,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2014 were redeemed by the Company on March 23, 2015, as per the terms of the issue, as amended. The 15% bonus CRPS (225,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2015, have been redeemed on due date. The 20% bonus CRPS (300,000 CRPS of Rs. 100 each) which were due for redemption on September 30, 2016 were redeemed by the Company on March 28, 2017, within the extended period for redemption granted by CRPS holders

CRPS carry cumulative dividend of 6% p.a. The Company declares and pays dividends in Indian rupees. Each holder of 6% CRPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to CRPS. In the event of liquidation of the Company during the existence of CRPS, the holders of CRPS will have priority along with holders of OCCRPS over equity shares in the payment of dividend and repayment of capital

## (e) Terms of 6% optionally convertible cumulative redeemable preference shares

On March 31, 2011, the Company had allotted 25,000,000 OCCRPS of Rs. 100 each fully paid as per the terms of MRA entered with bankers

OCCRPS carry cumulative dividend of 6%. The Company declares and pays dividend in Indian rupees. Each holder of OCCRPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to OCCRPS. In the event of liquidation of the Company during the existence of OCCRPS, the holders of OCCRPS will have priority along with holders of CRPS over equity shares in the payment of dividend and repayment of capital. Out of total 25,000,000 OCCRPS of Rs. 100 each, 30% i.e. 7,500,000 OCCRPS of Rs. 100 each have been converted into 12,417,218 equity shares on September 30, 2012, as per the terms of MRA. There is no further conversion option attached to these OCCRPS. The balance 17,500,000 OCCRPS of Rs. 100 each shall be redeemed at par in four tranches from September 30, 2013 to September 30, 2016. The schedule of redemption is as below:

| Date of redemption | Number of shares to be redeemed | Amount to be redeemed |
|--------------------|---------------------------------|-----------------------|
| 30-Sep-13 *        | 3,750,000                       | 37.50                 |
| 30-Sep-14 #        | 5,000,000                       | 50.00                 |
| 30-Sep-15 ^        | 3,750,000                       | 37.50                 |
| 30-Sep-16 @        | 5,000,000                       | 50.00                 |
| <b>Total</b>       | <b>17,500,000</b>               | <b>175.00</b>         |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

\* The OCCRPS which were due for redemption on September 30, 2013 were purchased by IL&FS Trust Company Limited (ITCL), being the Trustee of Maytas Investment Trust, on September 30, 2013. The Company has extended the redemption period of these preference shares by a period of 6 years with an early redemption right with the Company before the extended period of 6 years by giving 30 days notice period to the shareholders

# The OCCRPS were redeemed on March 23, 2015, as per the terms of the issue, as amended

^ The OCCRPS were redeemed on due date, as per the terms of the issue

@ The OCCRPS were redeemed on March 28, 2017, within the extended period for redemption granted by OCCRPS holders

**(f) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

- The Company has allotted 236,280 6% CRPS of Rs. 100 each in 2011-12 as fully paid up bonus shares to the holders of initial CRPS in the ratio of 1:24.33 (i.e. one fully paid CRPS of Rs. 100 each for every 24.33 CRPS held) by capitalizing securities premium
- The Company has allotted 1,500,000 6% CRPS of Rs. 100 each in 2011-12 as fully paid up bonus shares to the holders of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) in the ratio of 1:16.67 i.e. (one fully paid Bonus CRPS of Rs. 100 each for every 16.67 OCCRP held) by capitalizing securities premium

**Note:** Shares issued by the Company pursuant to Corporate Debt Restructuring scheme have not been considered for above disclosures

**(g) List of shareholders holding more than 5% shares in the Company**

**Equity shares of Rs. 10 each, fully paid**

| Name of shareholder                                           | As at March 31, 2017 |                    | As at March 31, 2016 |                    |
|---------------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                               | Number of shares     | Percentage holding | Number of shares     | Percentage holding |
| SBG Projects Investments Limited                              | 36,538,477           | 27.87%             | 36,538,477           | 27.87%             |
| IL&FS Financial Services Limited (IFIN)                       | 27,914,641           | 21.29%             | 22,933,437           | 17.49%             |
| Infrastructure Leasing and Financial Services Limited (IL&FS) | 27,486,243           | 20.96%             | 22,505,040           | 17.16%             |

**6% cumulative redeemable preference shares of Rs. 100 each, fully paid**

| Name of shareholder                                       | As at March 31, 2017 |                    | As at March 31, 2016 |                    |
|-----------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                           | Number of shares     | Percentage holding | Number of shares     | Percentage holding |
| ICICI Bank Limited*                                       | -                    | -                  | 116,232              | 22.14%             |
| IDBI Bank Limited*                                        | -                    | -                  | 36,648               | 6.98%              |
| State Bank of India*                                      | -                    | -                  | 36,960               | 7.04%              |
| State Bank of Hyderabad*                                  | -                    | -                  | 28,044               | 5.34%              |
| IL&FS Trust Company Limited (c/o Maytas Investment Trust) | 225,000              | 100.00%            | 225,000              | 42.86%             |

\* CRPS were redeemed on March 28, 2017 but were extinguished from the records subsequent to the balance sheet date.

**6% optionally convertible cumulative redeemable preference shares of Rs. 100 each, fully paid**

| Name of shareholder                                       | As at March 31, 2017 |                    | As at March 31, 2016 |                    |
|-----------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                           | Number of shares     | Percentage holding | Number of shares     | Percentage holding |
| ICICI Bank Limited**                                      | -                    | -                  | 1,937,200            | 22.14%             |
| State Bank of India**                                     | -                    | -                  | 6,16,000             | 7.04%              |
| IDBI Bank Limited**                                       | -                    | -                  | 6,10,800             | 6.98%              |
| State Bank of Hyderabad**                                 | -                    | -                  | 4,67,400             | 5.34%              |
| Allahabad Bank**                                          | -                    | -                  | 3,78,000             | 4.32%              |
| IL&FS Trust Company Limited (c/o Maytas Investment Trust) | 3,750,000            | 100.00%            | 3,750,000            | 42.86%             |

\*\* OCCRPS were redeemed on March 28, 2017 but were extinguished from the records subsequent to the balance sheet date

As per the records of the Company, including its register of shareholders/ members, the above shareholding represents legal ownership of the shares

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## (h) Shares reserved for issue under options

Refer note 40 for details of shares reserved for issue under the Employee Stock Option Scheme (ESOS) of the Company

|                                                                                | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>4 Reserves and surplus</b>                                                  |                         |                         |
| <b>Securities premium account</b>                                              |                         |                         |
| Balance as per last financial statements                                       | 239.24                  | 171.38                  |
| Add : Addition on allotment of ESOPs exercised during the year                 | -                       | 0.66                    |
| Add : Addition on issue of equity shares on preferential basis during the year | 43.04                   | 67.20                   |
| <b>Closing balance</b>                                                         | <b>282.28</b>           | <b>239.24</b>           |
| <b>Foreign currency translation reserve</b>                                    |                         |                         |
| Balance as per last financial statement                                        | 8.18                    | 9.50                    |
| Add: Foreign currency translation reserve for the current year                 | 7.67                    | (1.32)                  |
| <b>Balance carried forward to Balance Sheet</b>                                | <b>15.85</b>            | <b>8.18</b>             |
| <b>Deficit in the statement of profit and loss</b>                             |                         |                         |
| Balance as per last financial statement                                        | (486.94)                | (161.19)                |
| Loss brought forward from the Statement of Profit and Loss                     | (25.96)                 | (325.75)                |
| <b>Net deficit in the statement of profit and loss</b>                         | <b>(512.90)</b>         | <b>(486.94)</b>         |
| <b>Total reserves and surplus</b>                                              | <b>(214.77)</b>         | <b>(239.52)</b>         |

|                                                                             | Non-current             |                         | Current                 |                         |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                             | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>5 Long-term borrowings</b>                                               |                         |                         |                         |                         |
| <b>Term loans</b>                                                           |                         |                         |                         |                         |
| <b>From banks</b>                                                           |                         |                         |                         |                         |
| Indian rupee term loans (secured)                                           | 124.01                  | 229.00                  | 104.95                  | 78.88                   |
| <b>From others</b>                                                          |                         |                         |                         |                         |
| From related party (secured) (Refer note 39 III A)                          | 870.87                  | 983.61                  | 141.99                  | -                       |
| From others (secured)                                                       | 176.60                  | 171.50                  | 42.71                   | 9.71                    |
| Vehicle loans (secured)                                                     | 0.94                    | 1.31                    | 0.97                    | 0.88                    |
| Finance lease obligation (secured)                                          | 2.03                    | 3.21                    | 1.15                    | 1.00                    |
|                                                                             | <b>1,174.45</b>         | <b>1,388.63</b>         | <b>291.77</b>           | <b>90.47</b>            |
| The above amount includes                                                   |                         |                         |                         |                         |
| <b>Secured borrowings</b>                                                   | 1,174.45                | 1,388.63                | 291.77                  | 90.47                   |
| Amount disclosed under the head "other current liabilities" (Refer note 10) | -                       | -                       | (291.77)                | (90.47)                 |
|                                                                             | <b>1,174.45</b>         | <b>1,388.63</b>         | <b>-</b>                | <b>-</b>                |

(a) The Company had obtained an approval for the Corporate Debt Restructuring (CDR) from the CDR Empowered Group in earlier years and the impact of the CDR scheme had been given in the financial statements of the year 2009-10

(b) Indian rupee term loans from banks to the extent of Rs 119.88 (March 31, 2016: Rs 179.44) carries an interest @ 11% p.a. (March 31, 2016 : 11% p.a.). The loan is repayable in 20 equal quarterly instalments commencing from June 30, 2014. These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans / finance leased assets from others

Further, Indian rupee term loans to an extent of Rs. 109.08 (March 31, 2016 : 128.44) carry an interest rate of 10.10% p.a to 10.60% p.a (March 31, 2016 : 10.10% p.a to 11.15% p.a). These loans are repayable in 4 years as per the schedule given below:

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

| Particulars | %  | Due dates                                                                               |
|-------------|----|-----------------------------------------------------------------------------------------|
| FY 2016-17  | 15 | September 30, 2016, December 31 2016 and March 31, 2017                                 |
| FY 2017-18  | 35 | Quarterly instalments due on June 30, September 30, December 31 and March 31 every year |
| FY 2018-19  | 40 |                                                                                         |
| FY 2019-20  | 10 |                                                                                         |

These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others. These loans are additionally guaranteed by letter of comfort from Infrastructure Leasing and Financial Services Limited

- c. Vehicle loans from Non-Banking Financial Companies carry interest @ 13% to 18.39% p.a. (March 31, 2016 : 13% to 18.39% p.a.). These loans are repayable in equated monthly installments over the tenure of 24 months to 60 months from the date of disbursement of loan. Vehicle loans are secured by hypothecation of vehicles purchased out of the loan taken
- d. Secured loans from related party carry interest @ 12% to 13% p.a. (March 31, 2016 : 12% to 13% p.a.). These loans carry an option to reset the interest rate after every 12 months from the date of first disbursement and 12 months thereafter by giving 30 days clear notice to the Company. These loans are repayable within 60 months to 84 months from the date of first disbursement

Out of the above, loan to the extent of Rs. 421.60 (March 31, 2016 : Rs. 421.60) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Private Limited, sharing of charge with IL&FS Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Limited. Out of the above, loan of Rs 162 (March 31, 2016 : Rs. 162) is additionally secured by second charge on Inter-Corporate Deposits given to Hill County Properties Limited (HCPL) along with accumulated interest thereon and second charge on loans given to and equipment hire charges receivable from Terra Infra Limited along with accumulated interest thereon

Loan to the extent of Rs. 375 (March 31, 2016 : Rs. 375) is secured by second charge on Inter Corporate Deposits of Rs. 343.78 provided by the Company. Of these, loan of Rs. 280 is additionally secured by way of second charge on net receivables from a road project to the extent of Rs. 40

Loan to the extent of Rs. 98.30 (March 31, 2016 : Rs. 98.30) is secured by way of hypothecation on second charge basis of the Loans and Advances (including interest accrued) provided by the Company to Cyberabad Expressway Limited & Pondicherry Tindivanam Tollway Limited and investment in Maytas Infra Saudi Arabia Company (Limited Liability Company)

Loan to the extent of Rs. 117.96 (March 31, 2016 : Rs.88.71 ) is secured by way of second charge on current assets of the Company. Out of the above, loan to the extent of Rs. 55 (March 31, 2016 : Rs.43) is additionally secured by way of second charge on fixed assets of the Company

- e. Secured loans from others carries interest @ 13% to 16.25% p.a. (March 31, 2016 : 13% p.a.). (a) Loan to the extent of Rs. 140.71 carries an option to reset the interest rate after every 12 months from the date of first disbursement and every 12 months thereafter by giving 30 days clear notice to the Company. This loan is repayable within 60 months from the date of first disbursement. (b) Loan to the extent of Rs. 48 carries interest @ 13% p.a linked to variation in IFIN benchmark rate of 16%. This loan is repayable within 36 months from the date of first disbursement. (c) Loan to the extent of Rs. 30.60 carries interest @ IFIN benchmark rate (16% currently) + 0.25% p.a. This loan is repayable within 36 months from the date of first disbursement

Loan of Rs. 188.71 (March 31, 2016 : Rs. 181.21) is secured by way of pari passu pledge of investments in preference shares of Bangalore Elevated Tollway Limited, sharing of charge with Infrastructure Leasing and Financial Services Limited on a pari passu basis on the equity shares of Gautami Power Limited and Pass Through Certificates issued by Maytas Investment Trust and negative lien on sub-ordinate loan given to Bangalore Elevated Tollway Private Limited

Loan of Rs 30.60 (March 31, 2016 : Nil) is secured by Second Pari Passu charge by hypothecation of the present and future current assets of the borrower (including but not limited to book debts, operating cash flows, receivables, loans and advances, deposits, investments, commission and revenues of whatsoever nature and whenever arising), created from the proceeds of facility and providing a cover of 1.0 x at all times during the facility

- f. Finance lease obligation is secured by hypothecation of plant and machinery taken on lease. The interest rate implicit in the lease is 14% p.a. The gross investment in lease, i.e, lease obligation plus interest, is payable in 4 years

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                 | As at<br>March 31, 2017 | As at<br>March 31, 2015 |
|-------------------------------------------------|-------------------------|-------------------------|
| <b>6 Other long-term liabilities</b>            |                         |                         |
| <b>Trade payables</b>                           |                         |                         |
| Dues to micro and small enterprises             | -                       | -                       |
| Dues to other than micro and small enterprises* | 517.33                  | 158.38                  |
| Interest accrued but not due on borrowings      | 324.71                  | 219.65                  |
| Security deposit                                |                         |                         |
| Mobilization advance                            | 90.34                   | 43.59                   |
| <b>Others</b>                                   |                         |                         |
| Capital Creditors                               | 8.11                    | 15.81                   |
| Statutory dues                                  | 3.62                    | 3.62                    |
| Others                                          | 0.04                    | 7.62                    |
|                                                 | <b>944.15</b>           | <b>448.67</b>           |

\* includes retention money of Rs. 174.96 (March 31, 2016: Rs. 158.38)

|                                                                 | Long-term               |                         | Short-term              |                         |
|-----------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                 | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>7 Provisions</b>                                             |                         |                         |                         |                         |
| <b>Provision for employee benefits</b>                          |                         |                         |                         |                         |
| Provision for gratuity (Refer note 37)                          | 3.35                    | 3.14                    | 0.38                    | 0.36                    |
| Provision for compensated absences                              | -                       | -                       | 3.23                    | 3.60                    |
|                                                                 | <b>3.35</b>             | <b>3.14</b>             | <b>3.61</b>             | <b>3.96</b>             |
| <b>Other provisions</b>                                         |                         |                         |                         |                         |
| Provision for estimated future loss on projects (Refer note 35) | 13.89                   | 13.27                   | 39.08                   | 32.33                   |
| Provision for liquidated damages (Refer note 36)                | -                       | -                       | 13.20                   | 13.20                   |
| Provision for tax (Net of Advance tax)                          | -                       | -                       | 0.99                    | 1.29                    |
|                                                                 | <b>13.89</b>            | <b>13.27</b>            | <b>53.27</b>            | <b>46.82</b>            |
|                                                                 | <b>17.24</b>            | <b>16.41</b>            | <b>56.88</b>            | <b>50.78</b>            |

|                                                         | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------------------------|-------------------------|-------------------------|
| <b>8 Short-term borrowings</b>                          |                         |                         |
| Cash credit facilities from banks (secured)             | 476.19                  | 449.37                  |
| Cash credit and other facilities from banks (unsecured) | 111.54                  | 105.22                  |
| Loans from others (unsecured)                           | 68.59                   | 39.60                   |
|                                                         | <b>656.32</b>           | <b>594.19</b>           |
| <b>The above amount includes</b>                        |                         |                         |
| Secured borrowings                                      | 476.19                  | 449.37                  |
| Unsecured borrowings                                    | 180.13                  | 144.82                  |
|                                                         | <b>656.32</b>           | <b>594.19</b>           |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

- (a) Cash credit from banks are repayable on demand and carries interest @ 9% p.a. to 13.80% p.a. (March 31, 2016: 9% to 14.50% p.a.). These loans are secured by pari passu first mortgage and charge on the Company's immovable properties both present and future and pari passu first charge by way of hypothecation of all the movable assets including movable equipment's, machinery spares, tools, accessories, current assets both present and future, except to the extent of assets exclusively hypothecated against vehicle loans/ finance leased assets from others

Loans aggregating to Rs.244.42 (March 31, 2016 : Rs.233.22) have additionally been secured by personal guarantee given by the Ex-Vice Chairman of the Company, Mr. B Teja Raju

Loans aggregating to Rs. 231.77 (March 31, 2016 : Rs. 216.15) additionally carry letter of comfort from Infrastructure Leasing and Financial Services Limited

- b. Cash credit and other facilities from banks are repayable on demand and carries interest @ 4% p.a. These loans which have been classified as unsecured are secured by way of corporate guarantee from the Company and promissory note from the minority shareholders
- c. Unsecured loan from others of Rs. Nil (March 31, 2016 : Rs. 21.01) carried interest @ 14% to 15% p.a. with an original tenor of 3 months. This had been extended by 11 months until September 30, 2015 and further by 10 months until July 31, 2016. Interest on these facilities was payable at monthly rests. This loan has been repaid during the year

Unsecured loan from others of Rs. 50 (March 31, 2016 :Rs Nil) carries interest @ 15.50% to 16% p.a. which is payable quarterly in arrears. Loan is to be repaid back within 12 months from the date of first disbursement

- d. Unsecured loans from others to the extent of Rs. 18.59 (March 31, 2016: Rs. 18.59) are interest free loans and repayable on demand

|                                                                                            | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>9 Trade payables</b>                                                                    |                         |                         |
| - total outstanding dues of micro enterprises and small enterprises                        | 15.54                   | 42.76                   |
| - total outstanding dues of creditors other than micro enterprises and small enterprises * | 695.14                  | 986.07                  |
| * includes retention money payable of Rs. 73.65 (March 31, 2016: Rs.97.73)                 |                         |                         |
|                                                                                            | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>10 Other current liabilities</b>                                                        |                         |                         |
| Current maturities of long-term borrowings (Refer note 5)                                  | 291.77                  | 90.47                   |
| Interest accrued and due on borrowings*                                                    | 35.57                   | 14.92                   |
| Interest accrued but not due on borrowings / mobilization advance                          | 84.88                   | 43.46                   |
| Mobilization advance                                                                       | 378.63                  | 373.66                  |
| Advance from customers                                                                     | 46.20                   | 16.21                   |
| Dues to Joint venturers                                                                    | 0.72                    | 0.56                    |
| Advance billing                                                                            | 20.05                   | 19.52                   |
| Others                                                                                     |                         |                         |
| Capital creditors                                                                          | 20.23                   | 12.61                   |
| Statutory dues                                                                             | 27.43                   | 16.05                   |
|                                                                                            | <b>905.48</b>           | <b>587.46</b>           |

\*Includes interest of Rs. 1.19 (March 31, 2016: 1.34) not debited by bankers in the cash credit accounts, inspite of instructions issued by the Company

## Consolidated Notes to financial statements for the year ended March 31, 2017

(All amounts in Rs. Crore except for share data or as otherwise stated)

### 11a. Property, plant and equipment

|                                        | Land | Buildings | Temporary erections - site offices | Leasehold improvements* | Plant, and machinery -construction equipment** | Site infrastructure | Office equipment | Tools and implements | Data processing equipments | Furniture and fixtures | Vehicles | Total -tangible assets |
|----------------------------------------|------|-----------|------------------------------------|-------------------------|------------------------------------------------|---------------------|------------------|----------------------|----------------------------|------------------------|----------|------------------------|
| <b>Cost</b>                            |      |           |                                    |                         |                                                |                     |                  |                      |                            |                        |          |                        |
| At March 31, 2015                      | 4.78 | 2.88      | 54.02                              | 0.17                    | 579.77                                         | 3.90                | 8.76             | 7.08                 | 7.67                       | 9.90                   | 12.31    | 691.24                 |
| Additions                              | -    | -         | 2.13                               | -                       | 42.04                                          | -                   | 0.66             | 1.96                 | 0.43                       | 0.60                   | 1.71     | 49.53                  |
| Other adjustments                      | -    | -         | -                                  | -                       | 3.88                                           | -                   | 0.09             | -                    | 0.08                       | 0.23                   | 0.10     | 4.55                   |
| - Exchange difference                  | -    | 0.17      | -                                  | -                       | (59.65)                                        | -                   | (0.64)           | -                    | -                          | -                      | (0.75)   | (61.04)                |
| Disposals                              | -    | -         | -                                  | -                       | 566.04                                         | 3.90                | 8.87             | 9.04                 | 8.18                       | 10.73                  | 13.37    | 684.28                 |
| At March 31, 2016                      | 4.78 | 3.05      | 56.15                              | 0.17                    | 26.94                                          | -                   | 1.02             | 1.43                 | 0.48                       | 0.25                   | 1.10     | 61.70                  |
| Additions                              | -    | -         | 30.48                              | -                       | 1.42)                                          | -                   | (0.03)           | -                    | (0.03)                     | (0.08)                 | (0.03)   | (1.65)                 |
| Other adjustments                      | -    | (0.06)    | -                                  | -                       | (184.76)                                       | -                   | (0.28)           | -                    | -                          | -                      | (1.31)   | (186.52)               |
| - Exchange difference                  | -    | (0.17)    | -                                  | -                       | (66.81)                                        | -                   | (2.27)           | -                    | (1.30)                     | (4.31)                 | (1.62)   | (79.13)                |
| Disposals                              | -    | (2.82)    | -                                  | -                       | 339.99                                         | 3.90                | 7.31             | 10.47                | 7.33                       | 6.59                   | 11.51    | 478.68                 |
| Transferred to asset held for sale     | -    | -         | 86.63                              | 0.17                    | -                                              | -                   | -                | -                    | -                          | -                      | -        | -                      |
| At March 31, 2017                      | 4.78 | -         | 43.19                              | 0.14                    | 426.02                                         | 3.13                | 6.67             | 7.08                 | 5.81                       | 5.83                   | 7.48     | 507.54                 |
| <b>Depreciation</b>                    |      |           |                                    |                         |                                                |                     |                  |                      |                            |                        |          |                        |
| At March 31, 2015                      | -    | 2.19      | 5.37                               | -                       | 43.16                                          | 0.14                | 0.97             | 1.96                 | 0.93                       | 1.27                   | 1.36     | 55.71                  |
| Charge for the year                    | -    | 0.55      | -                                  | -                       | 3.17                                           | -                   | 0.08             | -                    | 0.07                       | 0.14                   | 0.05     | 3.67                   |
| Other adjustments                      | -    | 0.16      | -                                  | -                       | (36.53)                                        | -                   | (0.50)           | -                    | -                          | -                      | -        | -                      |
| - Exchange difference                  | -    | -         | -                                  | -                       | -                                              | -                   | -                | -                    | -                          | -                      | -        | -                      |
| Adjustment to reserves (Refer note 49) | -    | -         | -                                  | -                       | -                                              | -                   | -                | -                    | -                          | -                      | -        | -                      |
| Disposals                              | -    | -         | -                                  | -                       | 435.82                                         | 3.27                | 7.22             | 9.04                 | 6.81                       | 7.24                   | 8.58     | 529.58                 |
| At March 31, 2016                      | -    | 2.90      | 48.56                              | 0.14                    | 30.31                                          | 0.14                | 0.74             | 1.43                 | 0.71                       | 0.54                   | 0.82     | 45.41                  |
| Charge for the year                    | -    | -         | 10.72                              | -                       | -                                              | -                   | -                | -                    | -                          | -                      | -        | -                      |
| Other adjustments                      | -    | -         | -                                  | -                       | (1.01)                                         | -                   | (0.03)           | -                    | (0.03)                     | (0.07)                 | (0.09)   | (1.29)                 |
| - Exchange difference                  | -    | (0.06)    | -                                  | -                       | (160.51)                                       | -                   | (0.28)           | -                    | -                          | -                      | (0.48)   | (161.28)               |
| Disposals                              | -    | (0.01)    | -                                  | -                       | (61.27)                                        | -                   | (1.19)           | -                    | (1.26)                     | (2.84)                 | (1.00)   | (70.40)                |
| Transferred to asset held for sale     | -    | (2.84)    | -                                  | -                       | 243.34                                         | 3.41                | 6.46             | 10.47                | 6.23                       | 4.87                   | 7.83     | 342.02                 |
| At March 31, 2017                      | -    | (0.01)    | 59.28                              | 0.14                    | 130.22                                         | 0.63                | 1.65             | -                    | 1.37                       | 3.49                   | 4.79     | 154.70                 |
| Net block                              | 4.78 | 0.15      | 7.59                               | 0.03                    | 96.65                                          | 0.49                | 0.85             | -                    | 1.10                       | 1.72                   | 3.68     | 136.66                 |
| At March 31, 2016                      | 4.78 | 0.01      | 27.35                              | 0.03                    | -                                              | -                   | -                | -                    | -                          | -                      | -        | -                      |
| At March 31, 2017                      | 4.78 | 0.01      | 27.35                              | 0.03                    | -                                              | -                   | -                | -                    | -                          | -                      | -        | -                      |

\* Leasehold improvements represent fixtures taken on finance lease.

\*\*Plant and machinery - construction equipment

- Plant and machinery - construction equipment includes shuttering and scaffolding material [Rs. 96.55 (March 31, 2016 : Rs. 84.23)]. Net block value of this shuttering and scaffolding material is Rs. 46.60 (March 31 2016; Rs. 33.51).
- Plant and machinery - construction equipment includes equipment given on operating lease

3. Plant and machinery - construction equipment includes equipment taken on finance lease

| Description                                 | March 31, 2017 | March 31, 2016 |
|---------------------------------------------|----------------|----------------|
| Cost                                        | 11.31          | 15.25          |
| Opening balance of accumulated depreciation | 10.77          | 13.17          |
| Depreciation for the year                   | 0.15           | 1.06           |
| <b>Net book value</b>                       | <b>0.39</b>    | <b>1.02</b>    |

| Description                                 | March 31, 2017 | March 31, 2016 |
|---------------------------------------------|----------------|----------------|
| Cost                                        | 4.82           | 4.42           |
| Opening balance of accumulated depreciation | 0.44           | 0.00           |
| Depreciation for the year                   | 0.92           | 0.44           |
| <b>Net book value</b>                       | <b>3.46</b>    | <b>3.98</b>    |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                               | Mining rights | Computer software | Total intangible assets |
|-------------------------------|---------------|-------------------|-------------------------|
| <b>11 b Intangible assets</b> |               |                   |                         |
| <b>Cost</b>                   |               |                   |                         |
| At March 31, 2015             | -             | 3.87              | 3.87                    |
| Additions                     | 41.89         | 0.15              | 42.04                   |
| Disposals                     | -             | -                 | -                       |
| At March 31, 2016             | 41.89         | 4.02              | 45.91                   |
| Additions                     | -             | 0.27              | 0.27                    |
| Disposals                     | -             | -                 | -                       |
| <b>At March 31, 2017</b>      | <b>41.89</b>  | <b>4.29</b>       | <b>46.18</b>            |
| <b>Amortization</b>           |               |                   |                         |
| At March 31, 2015             | -             | 2.48              | 2.48                    |
| Charge for the year           | -             | 0.65              | 0.65                    |
| Disposal during the year      | -             | -                 | -                       |
| At March 31, 2016             | -             | 3.13              | 3.13                    |
| Charge for the year           | 1.98          | 0.58              | 2.56                    |
| Disposal during the year      | -             | -                 | -                       |
| <b>At March 31, 2017</b>      | <b>1.98</b>   | <b>3.71</b>       | <b>5.69</b>             |
| <b>Net block</b>              |               |                   |                         |
| At March 31, 2016             | 41.89         | 0.89              | 42.78                   |
| <b>At March 31, 2017</b>      | <b>39.91</b>  | <b>0.58</b>       | <b>40.49</b>            |

|                                                                                                                                                                                                                                                         | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>12 Investments</b>                                                                                                                                                                                                                                   |                         |                         |
| <b>(A) Non-current investments, unquoted trade investments</b>                                                                                                                                                                                          |                         |                         |
| <b>(valued at cost unless stated otherwise)</b>                                                                                                                                                                                                         |                         |                         |
| <b>Investment in Associates - equity shares (fully paid-up)</b>                                                                                                                                                                                         |                         |                         |
| 7,750 (March 31, 2016: 7,750) equity shares of Rs. 100 each in Hill County Properties Limited [Including Rs. 0.08 (March 31, 2016: Rs. 0.08) of goodwill arising on consolidation]                                                                      | 0.08                    | 0.08                    |
| <b>Investment in other entities</b>                                                                                                                                                                                                                     |                         |                         |
| <b>In equity shares (fully paid)</b>                                                                                                                                                                                                                    |                         |                         |
| 4,000,000 (March 31, 2016: 4,000,000) equity shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.00 (March 31, 2016: Rs. 4.00))                            | -                       | -                       |
| 2,600 (March 31, 2016: 2,600) equity shares of Rs. 10 each in Gulbarga Airport Developers Private Limited                                                                                                                                               | 0.00                    | 0.00                    |
| 2,600 (March 31, 2016: 2,600) equity shares of Rs. 10 each in Shimoga Airport Developers Private Limited                                                                                                                                                | 0.00                    | 0.00                    |
| <b>In preference shares (fully paid-up)</b>                                                                                                                                                                                                             |                         |                         |
| 4,550,000 (March 31, 2016: 4,550,000) Zero coupon convertible preference shares of Rs. 10 each in KVK Power and Infrastructure Private Limited (at cost less provision for other than temporary diminution in value Rs. 4.55 (March 31, 2016: Rs 4.55)) | -                       | -                       |
| 2,441,850 (March 31, 2016: 2,441,850) 9% cumulative optionally convertible redeemable preference shares of Rs. 100 each in Bangalore Elevated Tollway Private Limited *                                                                                 | 24.42                   | 24.42                   |
| <b>In Pass Through Certificates (Refer note 46)</b>                                                                                                                                                                                                     |                         |                         |
| 2,596,675.290 (March 31, 2016: 2,596,675.290) pass through certificates of Rs. 1,000 each in Maytas Investment Trust*                                                                                                                                   | 259.67                  | 259.67                  |
|                                                                                                                                                                                                                                                         | <b>284.17</b>           | <b>284.17</b>           |

Aggregate amount of provision for diminution in value of investments is Rs. 8.55 (March 31, 2016: Rs. 8.55)

\* Pledged in favour of Infrastructure Leasing and Financial Services Limited and IL&FS Financial services Limited

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|           |                                                                                     | Long-term            |                      | Short-term           |                      |
|-----------|-------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|           |                                                                                     | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| <b>13</b> | <b>Loans and advances</b>                                                           |                      |                      |                      |                      |
|           | <b>Capital advances</b>                                                             |                      |                      |                      |                      |
|           | Unsecured, considered good                                                          | 1.34                 | 1.14                 | -                    | -                    |
|           | <b>(A)</b>                                                                          | <b>1.34</b>          | <b>1.14</b>          | <b>-</b>             | <b>-</b>             |
|           | <b>Deposits (others)</b>                                                            |                      |                      |                      |                      |
|           | Unsecured, considered good                                                          | 9.18                 | 8.18                 | 2.81                 | 3.60                 |
|           | Considered doubtful                                                                 | 0.07                 | 0.07                 | -                    | -                    |
|           |                                                                                     | 9.25                 | 8.25                 | 2.81                 | 3.60                 |
|           | Provision for doubtful deposits (others)                                            | (0.07)               | (0.07)               | -                    | -                    |
|           | <b>(B)</b>                                                                          | <b>9.18</b>          | <b>8.18</b>          | <b>2.81</b>          | <b>3.60</b>          |
|           | <b>Loans and advances to related parties</b>                                        |                      |                      |                      |                      |
|           | Unsecured, considered good                                                          | 128.07               | 121.63               | 0.19                 | -                    |
|           | Considered doubtful                                                                 | 17.14                | 13.91                | -                    | -                    |
|           |                                                                                     | 145.21               | 135.54               | 0.19                 | -                    |
|           | Provision for doubtful advances                                                     | (17.13)              | (13.91)              | -                    | -                    |
|           | <b>(C)</b>                                                                          | <b>128.08</b>        | <b>121.63</b>        | <b>0.19</b>          | <b>-</b>             |
|           | <b>Advances recoverable in cash or kind</b>                                         |                      |                      |                      |                      |
|           | Unsecured, considered good                                                          | 74.92                | 3.80                 | 122.98               | 273.79               |
|           | Considered doubtful                                                                 | 23.46                | 18.50                | -                    | -                    |
|           |                                                                                     | 98.38                | 22.30                | 122.98               | 273.79               |
|           | Provision for doubtful advances                                                     | (23.46)              | (18.50)              | -                    | -                    |
|           | <b>(D)</b>                                                                          | <b>74.92</b>         | <b>3.80</b>          | <b>122.98</b>        | <b>273.79</b>        |
|           | <b>Other loans and advances, unsecured, considered good unless otherwise stated</b> |                      |                      |                      |                      |
|           | Loan to other companies                                                             |                      |                      |                      |                      |
|           | Secured, considered good                                                            | 52.08                | 52.08                | -                    | -                    |
|           | Unsecured, considered good@                                                         | 76.34                | 75.92                | -                    | 0.42                 |
|           | Inter-corporate deposits (Refer note 32)                                            | 362.36               | 362.36               | -                    | -                    |
|           | Balances with statutory/government authorities                                      | 13.67                | 15.36                | 36.37                | 23.66                |
|           | Advance income tax/ TDS Receivable (net of provision for taxation)                  | 41.09                | 43.64                | 61.00                | 62.83                |
|           | <b>(E)</b>                                                                          | <b>545.54</b>        | <b>549.36</b>        | <b>97.37</b>         | <b>86.91</b>         |
|           | <b>Total (A + B + C + D + E)</b>                                                    | <b>759.06</b>        | <b>684.11</b>        | <b>223.35</b>        | <b>364.30</b>        |

## Loans and advances to related parties include

|                                 | Long-term            |                      | Short-term           |                      |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                 | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| <b>Other advances</b>           |                      |                      |                      |                      |
| Hill County Properties Limited  | 0.05                 | 0.05                 | -                    | -                    |
| Dues from joint ventures        | 19.32                | 19.64                | 0.19                 | -                    |
| <b>Inter-corporate deposits</b> |                      |                      |                      |                      |
| Hill County Properties Limited  | 125.84               | 115.85               | -                    | -                    |
|                                 | <b>145.21</b>        | <b>135.54</b>        | <b>0.19</b>          | <b>-</b>             |

@ includes Rs. 25.37 given to Bangalore Elevated Tollway Private Limited which has been converted into 0.001% non-convertible debentures as at March 31, 2017, for which debenture certificates are yet to be credited into Company's demat account

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                           | Non-current          |                      | Current              |                      |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                           | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| <b>14 Other assets</b>                                    |                      |                      |                      |                      |
| Interest accrued on deposits and others                   |                      |                      |                      |                      |
| Considered good                                           | 246.69               | 119.28               | 15.97                | 44.58                |
| Considered doubtful                                       | 41.92                | 41.92                | -                    | -                    |
|                                                           | 288.61               | 161.20               | 15.97                | 44.58                |
| Provision for doubtful interest accrued                   | (41.92)              | (41.92)              | -                    | -                    |
| <b>(A)</b>                                                | <b>246.69</b>        | <b>119.28</b>        | <b>15.97</b>         | <b>44.58</b>         |
| Claim for performance bank guarantee                      |                      |                      |                      |                      |
| Considered doubtful                                       | 21.12                | 21.12                | -                    | -                    |
| Less: Provision for doubtful bank guarantee               | (21.12)              | (21.12)              | -                    | -                    |
| <b>(B)</b>                                                | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| <b>Unsecured, considered good unless otherwise stated</b> |                      |                      |                      |                      |
| Non-current bank balances (Refer note 17)                 | 5.32                 | 8.17                 | -                    | -                    |
| Non-current trade receivables (Refer note 16)             | 323.53               | 386.14               | -                    | -                    |
| Non-current inventories (Refer note 15)                   | 965.14               | 381.52               | -                    | -                    |
| <b>Others</b>                                             |                      |                      |                      |                      |
| Fixed assets held for sale                                | -                    | -                    | 15.07                | 12.48                |
| Other receivables                                         |                      |                      |                      |                      |
| Considered good                                           | 5.72                 | 3.94                 | 85.62                | 11.47                |
| Doubtful                                                  | 1.98                 | 1.98                 | -                    | -                    |
|                                                           | 1,301.69             | 781.75               | 100.69               | 23.95                |
| Provision for doubtful other receivables                  | (1.98)               | (1.98)               | -                    | -                    |
| <b>(C)</b>                                                | <b>1,299.71</b>      | <b>779.77</b>        | <b>100.69</b>        | <b>23.95</b>         |
| <b>Total (A + B + C)</b>                                  | <b>1,546.40</b>      | <b>899.05</b>        | <b>116.66</b>        | <b>68.53</b>         |

|                                                           | Non-Current          |                      | Current              |                      |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                           | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| <b>15 Inventories [Refer note 2.1 and 27]</b>             |                      |                      |                      |                      |
| Project materials                                         | -                    | -                    | 106.04               | 106.87               |
| Work-in-progress                                          | -                    | -                    | 23.27                | 24.19                |
| Amount due from customers (project work-in-progress)      | 965.14               | 381.52               | 622.15               | 741.90               |
|                                                           | <b>965.14</b>        | <b>381.52</b>        | <b>751.46</b>        | <b>872.96</b>        |
| Amount disclosed under non-current assets (Refer note 14) | (965.14)             | (381.52)             | -                    | -                    |
| <b>Total</b>                                              | <b>-</b>             | <b>-</b>             | <b>751.46</b>        | <b>872.96</b>        |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                                                                                                                      |     | Non-Current          |                      | Current              |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----------------------|----------------------|----------------------|----------------------|
|                                                                                                                                                                      |     | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| <b>16 Trade receivables</b>                                                                                                                                          |     |                      |                      |                      |                      |
| Outstanding for a period exceeding six months from the date they are due for payment #                                                                               |     |                      |                      |                      |                      |
| Unsecured, considered good                                                                                                                                           |     | 64.05                | 98.06                | 167.08               | 108.04               |
| Doubtful                                                                                                                                                             |     | 72.04                | 63.68                | -                    | -                    |
|                                                                                                                                                                      |     | 136.09               | 161.74               | 167.08               | 108.04               |
|                                                                                                                                                                      |     | (72.04)              | (63.68)              | -                    | -                    |
| Provision for doubtful receivables                                                                                                                                   | (A) | <b>64.05</b>         | <b>98.06</b>         | <b>167.08</b>        | <b>108.04</b>        |
| Other receivables *                                                                                                                                                  |     |                      |                      |                      |                      |
| Unsecured, considered good                                                                                                                                           | (B) | <b>259.48</b>        | <b>288.08</b>        | <b>254.26</b>        | <b>486.34</b>        |
| Amount disclosed under non-current assets (Refer note 14)                                                                                                            | (C) | <b>(323.53)</b>      | <b>(386.14)</b>      | <b>-</b>             | <b>-</b>             |
| Total (A + B + C)                                                                                                                                                    |     | <b>-</b>             | <b>-</b>             | <b>421.34</b>        | <b>594.38</b>        |
| *Non-current represents retention money of Rs. 259.48 (March 31, 2016: Rs. 288.08 ) and Current includes retention money of Rs. 154.53 (March 31, 2016: Rs. 295.67). |     |                      |                      |                      |                      |

|                                                                                  |  | Non-Current          |                      | Current              |                      |
|----------------------------------------------------------------------------------|--|----------------------|----------------------|----------------------|----------------------|
|                                                                                  |  | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| <b>17 Cash and bank balances</b>                                                 |  |                      |                      |                      |                      |
| <b>Cash and cash equivalents</b>                                                 |  |                      |                      |                      |                      |
| <b>Balances with banks:</b>                                                      |  |                      |                      |                      |                      |
| On current accounts                                                              |  | -                    | -                    | 5.52                 | 4.62                 |
| Deposits with original maturity for less than 3 months                           |  | -                    | -                    | 0.09                 | -                    |
| Cash on hand                                                                     |  | -                    | -                    | 0.09                 | 0.08                 |
|                                                                                  |  | <b>-</b>             | <b>-</b>             | <b>5.70</b>          | <b>4.70</b>          |
| <b>Other bank balances</b>                                                       |  |                      |                      |                      |                      |
| Deposits with original maturity for more than 12 months *                        |  | 0.22                 | 0.65                 | 0.41                 | 0.07                 |
| Deposits with original maturity for more than 3 months but less than 12 months * |  | -                    | -                    | 0.06                 | 0.14                 |
| Margin money deposits **                                                         |  | 5.10                 | 7.52                 | 17.82                | 16.75                |
|                                                                                  |  | <b>5.32</b>          | <b>8.17</b>          | <b>18.29</b>         | <b>16.96</b>         |
| Amount disclosed under non-current assets (Refer note 14)                        |  | (5.32)               | (8.17)               | -                    | -                    |
| Total                                                                            |  | <b>-</b>             | <b>-</b>             | <b>23.99</b>         | <b>21.66</b>         |

\* Deposits under lien

\*\* Lodged with authorities

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

| Particulars                                         | SBN's    | ODN's       | Total       |
|-----------------------------------------------------|----------|-------------|-------------|
| <b>Closing cash in hand as on November 08, 2016</b> | 0.24     | 0.20        | 0.44        |
| Add: Permitted receipts                             | -        | 0.84        | 0.84        |
| Add: Non permitted receipts                         | -        | -           | -           |
| Less: Permitted payments                            | 0.00     | 0.91        | 0.91        |
| Less: Non permitted payments                        | 0.18     | -           | 0.18        |
| Less: Amounts deposited in banks                    | 0.06     | -           | 0.06        |
| <b>Closing cash in hand as on December 30, 2016</b> | <b>-</b> | <b>0.13</b> | <b>0.13</b> |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|----------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>18 Revenue from operations</b>                              |                                      |                                      |
| Revenue from contracts                                         | 1,901.26                             | 2,083.70                             |
| Revenue from equipment hiring services                         | 1.33                                 | 4.01                                 |
| Revenue from other services                                    | 3.81                                 | 43.83                                |
|                                                                | <b>1,906.40</b>                      | <b>2,131.54</b>                      |
| <b>19 Other income</b>                                         |                                      |                                      |
| Interest income on                                             |                                      |                                      |
| Bank deposits                                                  | 1.96                                 | 2.45                                 |
| Inter corporate deposits and others                            | 111.30                               | 113.90                               |
| Income tax refunds                                             | 3.19                                 | 5.77                                 |
| Gain on exchange fluctuation (net)                             | -                                    | 0.45                                 |
| Liabilities no longer required written back                    | 5.93                                 | 4.24                                 |
| Reversal of liquidated damages                                 | -                                    | 1.34                                 |
| Profit on sale of Fixed Assets (net)                           | 61.69                                | -                                    |
| Other non-operating income                                     | 6.13                                 | 6.20                                 |
|                                                                | <b>190.20</b>                        | <b>134.35</b>                        |
| <b>20 Cost of materials consumed</b>                           |                                      |                                      |
| Materials at the beginning of the year                         | 106.87                               | 101.46                               |
| Add: Purchases during the year                                 | 548.66                               | 1,019.49                             |
|                                                                | 655.55                               | 1,120.95                             |
| Less: Stocks written-off                                       | 1.24                                 | 8.10                                 |
|                                                                | 654.31                               | 1,112.85                             |
| Less: Materials at the end of the year                         | 106.04                               | 106.85                               |
|                                                                | <b>548.27</b>                        | <b>1,006.00</b>                      |
| <b>21 Increase in work-in-progress</b>                         |                                      |                                      |
| Opening Work-in-progress                                       | 24.19                                | 22.59                                |
| Closing Work-in-progress                                       | 23.27                                | 24.19                                |
|                                                                | <b>0.92</b>                          | <b>(1.60)</b>                        |
| <b>22 Employee benefits expenses</b>                           |                                      |                                      |
| Salaries, wages and bonus                                      | 92.77                                | 127.36                               |
| Contribution to provident fund and other funds (Refer note 37) | 6.74                                 | 6.83                                 |
| Gratuity (Refer note 37)                                       | 0.94                                 | 1.32                                 |
| Compensated absences                                           | 1.22                                 | 1.62                                 |
| Staff welfare expenses                                         | 3.82                                 | 3.69                                 |
|                                                                | <b>105.49</b>                        | <b>140.82</b>                        |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                                                                                         | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>23 Other expenses</b>                                                                                                                |                                      |                                      |
| Rent                                                                                                                                    | 14.43                                | 13.88                                |
| Rates and taxes                                                                                                                         | 9.42                                 | 12.12                                |
| Office maintenance                                                                                                                      | 6.45                                 | 5.33                                 |
| Communication expenses                                                                                                                  | 1.90                                 | 1.59                                 |
| Printing and stationery                                                                                                                 | 1.30                                 | 0.99                                 |
| Legal and professional charges                                                                                                          | 16.62                                | 15.27                                |
| Sitting fees                                                                                                                            | 0.12                                 | 0.09                                 |
| Travelling and conveyance                                                                                                               | 11.93                                | 11.26                                |
| Business promotion                                                                                                                      | 0.31                                 | 0.40                                 |
| Donation                                                                                                                                | 0.03                                 | -                                    |
| Auditor's remuneration (refer note 41)                                                                                                  | 2.24                                 | 1.60                                 |
| Loss on exchange fluctuation (net)                                                                                                      | 0.25                                 | -                                    |
| Loss on sale/discard/write off of fixed assets (net)                                                                                    | -                                    | 0.84                                 |
| Fixed assets/capital work in progress written off                                                                                       | 6.50                                 | -                                    |
| Site expenses                                                                                                                           | 28.04                                | 20.79                                |
| Hire charges                                                                                                                            | 50.22                                | 36.34                                |
| Freight and transportation                                                                                                              | 12.74                                | 9.68                                 |
| Insurance                                                                                                                               | 7.06                                 | 5.01                                 |
| Power and fuel                                                                                                                          | 5.97                                 | 5.14                                 |
| Repairs                                                                                                                                 |                                      |                                      |
| Plant and machinery                                                                                                                     | 14.26                                | 6.94                                 |
| Buildings                                                                                                                               | 0.05                                 | 0.38                                 |
| Others                                                                                                                                  | 3.57                                 | 3.12                                 |
| Provision for estimated future losses (net)(refer note 35)                                                                              | 7.37                                 | 30.84                                |
| Provision for doubtful advances/trade receivables/other assets<br>[net of reversal of provision of Rs. 0.07 (March 31, 2016: Rs. 0.58)] | 16.54                                | 18.21                                |
| Stock written off                                                                                                                       | 1.24                                 | 8.10                                 |
| Bad debts/advances written-off                                                                                                          | 5.01                                 | 77.28                                |
| Miscellaneous expenses                                                                                                                  | 1.14                                 | 2.58                                 |
|                                                                                                                                         | <b>224.71</b>                        | <b>287.78</b>                        |
| <b>24 Finance cost</b>                                                                                                                  |                                      |                                      |
| Interest expense                                                                                                                        | 321.65                               | 286.82                               |
| Bank charges                                                                                                                            | 24.07                                | 21.26                                |
|                                                                                                                                         | <b>345.72</b>                        | <b>308.08</b>                        |
| <b>25 Depreciation and Amortization</b>                                                                                                 |                                      |                                      |
| Depreciation                                                                                                                            | 45.41                                | 55.71                                |
| Amortization                                                                                                                            | 2.56                                 | 0.65                                 |
|                                                                                                                                         | <b>47.97</b>                         | <b>56.36</b>                         |
| <b>26 Earnings per share (EPS):</b>                                                                                                     |                                      |                                      |
| The following reflects the loss and share data used in the basic and diluted EPS computation:                                           |                                      |                                      |
| Loss for the year                                                                                                                       | (25.96)                              | (325.75)                             |
| Less: Dividend payable to preference shareholders & tax thereon                                                                         | (2.87)                               | (6.70)                               |
| Loss for calculation of EPS                                                                                                             | <b>(28.83)</b>                       | <b>(332.45)</b>                      |
| Weighted average number of equity shares considered for calculation of basic and diluted earnings per share                             | <b>121,377,025</b>                   | <b>117,255,712</b>                   |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 27. Uniform accounting policies:

As per the requirements of AS-21, AS-23 and AS-27, in the preparation of consolidated financial statements, the accounting policies of the Consolidated entities are required to be aligned with those of the Company to the extent practicable. The following accounting policy followed by various Consolidated entities is not aligned with those of the Company:

As per the Consolidated entities accounting policy, revenue from construction contracts is recognised on the percentage of completion method as mentioned in Accounting Standard (AS 7) "Construction Contracts" notified under section 133 of the Companies Act, 2013. The percentage of completion is determined by the proportion that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. However, NCC-Maytas (JV) (Singapore Class Township) and Maytas CTR (JV), joint venture entities have determined stage of completion on the basis of "Surveys performed" wherein the Consolidated entities has determined the stage of completion of the project by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract costs. The proportion of the aggregate work-in-progress of the above joint venture entities as compared to the work-in-progress at consolidated financial statement is 1.49% as at March 31, 2017 (2.11% as at March 31, 2016)

The Consolidated entities have estimated the impact of such differential accounting policies on the consolidated results for the year-end financial position of the Consolidated entities as at March 31, 2017 and based on such estimates, has determined that the difference is not material. Management is of the opinion that, such alignment of accounting policies is not practicable and that the cumulative impact of such alignment, if made, would not be significant to the consolidated financial statements

28. The accompanying consolidated financial statements include aggregate assets amounting of Rs. 12.23 aggregate revenue of Rs. 0.33 and cash outflow of Rs. 0.00 of an overseas subsidiary consolidated based on its unaudited financial statements. Management is of the view that adjustment, if any, that may have been required had the audited financial statements of the subsidiaries been made available would not be material

## 29. Going concern:

The Company has reported a net loss of Rs. 25.96 for the year ended March 31, 2017 (net loss for the year ended March 31, 2016: Rs. 325.75) and has accumulated loss of Rs. 512.90 as at March 31, 2017 (as at March 31, 2016: Rs. 486.94), its net worth has been substantially eroded, there are uncertainties on recovery of its investments/inter corporate deposits/ dues from customers, etc. and the Company's current liabilities exceeds its current assets as at the balance sheet date by Rs. 792.56. Management has taken significant steps for revival and restoration of operations of the Company. Based on the business plan and following mitigating factors, the management is confident that the Company will be able to generate profits in future years and meet its financial obligations as they arise:

- (a) The Company has an order book of Rs. 10,000 approximately as at March 31, 2017
- (b) Management has taken significant steps for revival and restoration of operations of the Company
- (c) The promoter group comprising of Infrastructure Leasing and Financial Services Limited (IL&FS) and IL&FS Financial Services Limited (IFIN), has advanced loans to the tune of Rs. 1,012.86 and Rs. 188.71 respectively to support the liquidity position of the Company upto March 31, 2017. Further, the promoter has advanced loans to the extent of Rs. 80.60 through its group companies. The Company has an unutilized limit of Rs. 10.74 from IL&FS as at March 31, 2017. Also, there is an unutilised limit of BGs and LCs of Rs. 114.10 from IL&FS. IL&FS had provided a Letter of Comfort to the Consortium Bankers stating that it would use its best efforts to ensure that the Company would not default on any of its obligations to the bankers. Management is confident that the promoter group will continue the financial support to the Company to meet its obligation as they arise
- (d) The Company has issued 9,962,407 equity shares of Rs. 10 each at premium of Rs. 43.20 on a preferential basis to IL&FS and IFIN resulting to total receipt of Rs. 53. The proceeds from the preferential issue were utilized towards redemption of preference shares of Rs. 53, which were due for redemption during the year
- (e) The Company has unutilized Cash Credit limit of Rs. 20.76 and non-fund based limits to the extent of Rs. 71.54 respectively from banks
- (f) During the year, the Company had received report from an independent Credit Rating Agency (CRA) on its long-term and short-term banking facilities, wherein the CRA has reaffirmed BBB- and A3 ratings for its long-term and short-term banking facilities respectively

Keeping in view, the abovementioned mitigating factors, these financial statements have been prepared on a going concern basis

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 30. (a) Contingent liabilities on account of pending litigations

| S. No. | Particulars                                                                                                                  | As at March 31, 2017 | As at March 31, 2016 |
|--------|------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| (i)    | Claims against the Consolidated entities not acknowledged as debts (interest, if any, not ascertainable after date of order) | 20.10                | 21.35                |
| (ii)   | Direct taxes under dispute *                                                                                                 | 37.67                | 27.72                |
| (iii)  | Indirect taxes under dispute **#                                                                                             | 88.06                | 101.35               |

\*Income tax demand mainly comprises of demand from the Income Tax authorities upon completion of their assessment upto the financial year 2010-11. The tax demands are mainly on account of classification of waiver of interest and principal amount of loan as revenue receipt which has been considered as capital receipt, disallowance of expenditure incurred towards extra works/labour cost on projects, disallowances of expenditure on which TDS is not deducted or short deducted, etc.

\*\*The demands raised by the Sales Tax authorities and Central Excise and service tax authorities are mainly towards enhancement of taxable turnover due to certain disallowances, change in classification of services provided by the Company, interpretation of the provisions of the Acts etc.

#Excludes Rs. 8.68 (March 31, 2016: Rs. 8.31) where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. All these cases are under litigation and are pending with various authorities, and the expected timing of resulting outflow of economic benefits cannot be specified

- (iv) Consequent to announcement by erstwhile Chairman of Satyam Computers Services Limited on January 7, 2009, Serious Fraud Investigation Office (SFIO) has initiated investigations on various matters pertaining to the Company which are ongoing. The SFIO has submitted its reports relating to various findings and has issued notices for prosecution for alleged violations against the Company and others for seven matters for which the Company submitted its reply with SFIO. While the Company has not accepted these violations, in order to settle these issues, the Company had filed six compounding applications for these alleged violations, for which final orders have been passed by Company Law Board (CLB) during the previous year and the Company has paid Rs. 0.08 as fee for compounding towards the same. Further, no action has been initiated by SFIO on the seventh matter till now
- (v) The Company had received a Show Cause Notice (SCN) on June 19, 2009 from Securities and Exchange Board of India (SEBI) alleging insider trading by the Company in the scrip of Satyam Computer Services Limited in the years 2001-2002 and 2004-2005. After the aforementioned SCN no further communication was made in this regard until February 2013 when SEBI directed the Company for a personal hearing before whole time member of SEBI. The Company had filed its detailed reply against the SCN in the earlier years and had attended a personal hearing before a whole time member of SEBI in the earlier year and accordingly filed written submissions. During the previous year, SEBI had passed an order ordering the Company to disgorge an amount of Rs. 59.17 along with Simple Interest of 12% p.a. from January 07, 2009 till the date of payment. However, SEBI order had dropped the proposal to debar the Company from accessing the capital market. Aggrieved by the disgorgement order, the Company had preferred an Appeal in Securities Appellate Tribunal (SAT) and obtained stay order against the operation of the order of SEBI. SEBI had filed its affidavit and the Company had filed its rejoinder. The order from SAT is awaited on this matter
- (vi) The Company formed Himachal Joint Venture (HJV) to execute an EPC project with National Hydro Power Corporation (Client). HJV subcontracted this work to SSJV Projects Private Limited (SSJV) and the work has been executed to the extent of Rs. 262.45 by SSJV. Due to the geographical conditions at site, work could not be done at the rates prescribed in the contract. HJV invoked arbitration clause for delays and extra-ordinary geological occurrence in executing the project. The Client en-cashed bank guarantees for an amount of Rs. 216.40 provided by SSJV and issued winding up notice to the Company as well as other joint venture partners. The Company vide its letter dated July 29, 2013 replied to the said notice stating that the matter is disputed and subjudice and would not be legally tenable. Client had filed a winding-up petition against Company and Joint venture partner vide CP 73/2014, which are pending for hearing. SSJV had provided indemnity in favour of the Company against all claims, losses etc. that may arise out of this Contract
- Based on the internal assessment and / or legal opinion, the Management is confident that for the above mentioned contingent liabilities, no provision is required to be made as at March 31, 2017

## (b) Other contingent liabilities

| S.No. | Particulars                                                                                                                    | As at March 31, 2017 | As at March 31, 2016 |
|-------|--------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| (i)   | Guarantees issued by bankers and financial institution (excluding performance obligations)                                     | 364.19               | 423.21               |
| (ii)  | Guarantees issued by bankers and financial institutions on behalf of the Consolidated entities towards performance obligations | 764.23               | 728.14               |
| (iii) | Corporate guarantees (including guarantees towards performance obligations)                                                    | 441.08               | 273.20               |
| (iv)  | Liquidated damages                                                                                                             | 38.83                | 32.83                |
| (v)   | Preference dividend (including dividend tax)                                                                                   | 12.92                | 23.45                |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 31. Commitments:

### a. Capital Commitments:

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 10.08 (March 31, 2016: Rs. 7.08)

### b. Other Commitments:

- i. Under a sponsors' support agreement, the Company (a co-sponsor) has obligation to the lenders' of a Special Purpose Vehicle (SPV), whose 26.10% Equity is held by Maytas Investment Trust (MIT), until financial year ending 2027-28, to meet shortfall in Debt service coverage ratio of the SPV on a term loan of Rs. 262.17 (March 31, 2016: Rs. 243.96)

## 32. Inter-Corporate Deposits:

Prior to April 1, 2009 the erstwhile promoters had given certain Inter Corporate Deposits (ICDs) to various companies aggregating to Rs. 362.36. Of the foregoing, documentary evidences had been established that, for an amount of Rs. 342.11, 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 Andhra Pradesh 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, 2017 continued to disclose as "Suspense Account (Net) Rs. 1,230.40" 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. 1,425 was transferred to SCSL through the intermediary companies, out of which an amount of Rs. 1,230.40 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

## 33. Segment Reporting:

### Business segment:

The Consolidated entities operations fall into a single business segment "Construction and Infrastructure Development". Therefore, segment reporting in terms of Accounting Standard 17 on Segmental Reporting is not required to be disclosed

### Geographical segments:

Although the Consolidated entities major operating divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, in India, its home country, and rest of the world

| Segment           | Segment revenue |                 | Carrying amount of segment assets |                 | Carrying amount of additions to segment assets |              |
|-------------------|-----------------|-----------------|-----------------------------------|-----------------|------------------------------------------------|--------------|
|                   | 2017            | 2016            | 2017                              | 2016            | 2017                                           | 2016         |
| India             | 1,906.07        | 1,918.04        | 4,298.13                          | 3,715.92        | -                                              | 69.53        |
| Rest of the world | 0.33            | 213.50          | 12.23                             | 279.28          | -                                              | 22.04        |
| <b>Total</b>      | <b>1,906.40</b> | <b>2,131.54</b> | <b>4,310.36</b>                   | <b>3,995.20</b> | <b>-</b>                                       | <b>91.57</b> |

## 34. Deferred tax:

The Consolidated entities have no deferred tax liability/asset as at March 31, 2017. Deferred tax assets on account of timing differences have not been recognized as at March 31, 2017 in the absence of virtual certainty of future taxable profits.

| Particulars            | March 31, 2017 | March 31, 2016 |
|------------------------|----------------|----------------|
| Depreciation           | (0.01)         | 0.01           |
| Provision for Gratuity | (0.01)         | 0.01           |
| <b>Total</b>           | <b>(0.02)</b>  | <b>0.02</b>    |

## 35. Provision for estimated future loss from projects:

The projects in progress as at March 31, 2017 have been evaluated for future loss, if any, based on estimates relating to cost-to-complete the same. Based on such evaluation, the Consolidated entities have provided for estimated future losses to an extent of Rs. 52.97 (March 31, 2016: Rs. 45.60) in terms of the requirements of Accounting Standard 7 (revised 2002) "Construction

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

Contracts" notified under section 133 of the Companies Act, 2013. The movement in the balance is as under:

|                                | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--------------------------------|-------------------------|-------------------------|
| Opening balance                | 45.60                   | 14.76                   |
| Add: Additions during the year | 13.30                   | 31.76                   |
| Less: Reversal during the year | (5.93)                  | (0.92)                  |
| <b>Closing balance</b>         | <b>52.97</b>            | <b>45.60</b>            |

## 36. Provision for liquidated damages:

Liquidated damages are levied as per the terms of the contract for delayed execution of works or delayed achievement of agreed milestones. For all projects in progress, the Management has estimated the probability of levy of liquidated damages, if any, based on completion date as per the contract, extension of time granted by the customer, etc. The movement in provision for liquidated damages is as under:

|                                | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--------------------------------|-------------------------|-------------------------|
| Opening balance                | 13.20                   | 14.54                   |
| Add: Additions during the year | -                       | -                       |
| Less: Reversal during the year | -                       | (1.34)                  |
| <b>Closing balance</b>         | <b>13.20</b>            | <b>13.20</b>            |

## 37. Retirement benefits:

### (a) Disclosures related to defined contribution plan:

Provident fund contribution and Employees' State Insurance contribution (ESI) recognized as expense in the statement of profit and loss Rs. 6.74 (March 31, 2016 Rs. 6.83)

### (b) Disclosures related to defined benefit plan:

The Company has a defined benefit gratuity plan wherever applicable. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with LIC of India

The following tables summarize the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized in the balance sheet for the plan

### Consolidated statement of profit and loss

#### Net employee benefit expense

| Particulars                                       | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|
| Current service cost                              | 0.84                                 | 0.91                                 |
| Interest cost on benefit obligation               | 0.34                                 | 0.30                                 |
| Expected return on plan assets                    | (0.06)                               | (0.03)                               |
| Net actuarial loss/ (gain) recognized in the year | (0.26)                               | 0.14                                 |
| Expenses                                          | 0.07                                 | -                                    |
| <b>Net benefit expense</b>                        | <b>0.94</b>                          | <b>1.32</b>                          |

### Balance sheet

#### Benefit Asset/ (Liability)

| Particulars                                 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------------|-------------------------|-------------------------|
| Present value of defined benefit obligation | (4.23)                  | (4.36)                  |
| Fair value of plan assets                   | 0.50                    | 0.86                    |
| <b>Plan Liability</b>                       | <b>3.73</b>             | <b>3.50</b>             |

### Changes in the present value of the defined benefit obligation

| Particulars                               | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------------------------------------------|-------------------------|-------------------------|
| Opening defined benefit obligation        | 4.36                    | 3.81                    |
| Interest cost on benefit obligation       | 0.34                    | 0.30                    |
| Current service cost                      | 0.84                    | 0.91                    |
| Benefits paid                             | (1.05)                  | (0.80)                  |
| Actuarial loss /(gain) on obligation      | (0.26)                  | 0.14                    |
| <b>Closing defined benefit obligation</b> | <b>4.23</b>             | <b>4.36</b>             |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## Changes in fair value of plan assets

| Particulars                              | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|------------------------------------------|-------------------------|-------------------------|
| Opening fair value of plan assets        | 0.86                    | -                       |
| Expected return on plan assets           | 0.06                    | 0.03                    |
| Expenses                                 | (0.07)                  | (0.05)                  |
| Contributions by employer                | 0.70                    | 1.33                    |
| Benefits paid                            | (1.05)                  | (0.45)                  |
| <b>Closing fair value of plan assets</b> | <b>0.50</b>             | <b>0.86</b>             |

Amounts for current year and previous four years are as follows:

|                                                       | 2016-17 | 2015-16 | 2014-15 | 2012-14 | 2011-12 |
|-------------------------------------------------------|---------|---------|---------|---------|---------|
| Defined benefit obligation                            | 4.23    | 4.36    | 3.81    | 3.26    | 3.25    |
| Loss/(gain) on obligation due to change in assumption | (0.26)  | 0.14    | (0.37)  | (1.10)  | (0.20)  |
| Experience gain on obligation                         | -       | -       | -       | -       | -       |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

| Particulars                   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------------------------------|-------------------------|-------------------------|
| Discount rate                 | 7.47%                   | 7.90%                   |
| Increase in compensation cost | 5.00%                   | 5.00%                   |
| Employee turnover             | 5.00%                   | 5.00%                   |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

## 38. In terms of the disclosures required to be made under the Accounting Standard 7 (revised 2002) notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, for "Construction Contracts":

|                                                                                                                           | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Contract revenue recognized for the year                                                                                  | 1,901.26                             | 2,083.70                             |
| Contract cost incurred and recognized profits (less recognized losses) for contracts in progress up to the reporting date | 11,711.60                            | 10,672.03                            |
| Advances received for contracts in progress                                                                               | 328.26                               | 312.05                               |
| Amount of retention for contracts in progress                                                                             | 383.50                               | 422.53                               |
| Gross amount due from customers for contract work (excluding cancelled projects)                                          | 11,151.91                            | 1,146.84                             |
| Gross amount due to customers for contract work                                                                           | 20.05                                | 19.52                                |

## 39. Related party disclosures:

### I. Names of related parties and description of relationship with the Consolidated entities as per the Accounting Standard – 18 "Related Party Disclosures":

#### • Investing party in respect of which the reporting enterprise is an associate

1. Infrastructure Leasing & Financial Services Limited
2. SBG Projects Investments Limited

#### • Joint Ventures (JV)

1. NCC-Maytas (JV)
2. NEC-NCC-Maytas(JV)
3. Maytas-NCC (JV)
4. NCC-Maytas (JV) (Singapore Class Township)
5. Maytas-CTR (JV)
6. NCC-Maytas-ZVS (JV)

#### • Associate

Hill County Properties Limited

#### • Enterprises over which key management personnel is able to exercise significant influence

IL&FS Transportation Networks Limited (w.e.f October 07, 2016)

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## F. Key management personnel

1. Mr. Mukund Sapre, Managing Director (w.e.f October 07, 2016)
2. Mr. Murlidhar Khattar, Managing Director (upto October 06, 2016)
3. Dr. S N Mukherjee, Chief Financial Officer
4. Mr. Sushil Dudgeja, Company Secretary (w.e.f April 04, 2016)
5. Mr. G Venkateshwar Reddy, Company Secretary ( upto November 30, 2015)

## II. Transactions with related parties during the year:

|                                                                                        | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|----------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A. Investing party in respect of which the reporting enterprise is an associate</b> |                                      |                                      |
| <b>1. Infrastructure Leasing &amp; Financial Services Limited</b>                      |                                      |                                      |
| Interest expenditure                                                                   | (154.42)                             | (153.26)                             |
| Payments made on behalf of the Company                                                 | (12.95)                              | (5.11)                               |
| Interest converted into Loan                                                           | -                                    | (35.07)                              |
| Loan taken                                                                             | (69.25)                              | (88.71)                              |
| Loan repaid                                                                            | 40.00                                | 215.07                               |
| Allotment of equity shares including securities premium                                | (26.50)                              | (37.69)                              |
| <b>B. Joint ventures (JV)**</b>                                                        |                                      |                                      |
| <b>1. NEC – NCC – Maytas (JV)</b>                                                      |                                      |                                      |
| Expenses incurred on behalf of the party                                               | -                                    | 0.02                                 |
| <b>2. Maytas – NCC (JV)</b>                                                            |                                      |                                      |
| Expenses incurred on behalf of the Company                                             | -                                    | (0.01)                               |
| Receipt against share of profit                                                        | (2.00)                               | (1.59)                               |
| Revenue from contracts (excluding Project work in progress)                            | (0.41)                               | 7.53                                 |
| Provision for doubtful advances/trade receivables                                      | -                                    | (0.03)                               |
| <b>3. NCC – Maytas (JV) (Singapore Class Township)</b>                                 |                                      |                                      |
| Provision for investment                                                               | 0.37                                 | -                                    |
| <b>4. Maytas CTR JV</b>                                                                |                                      |                                      |
| Advance given                                                                          | 0.04                                 | 0.90                                 |
| Refund of advance given                                                                | (0.22)                               | (0.01)                               |
| Provision for doubtful advances                                                        | (2.40)                               | -                                    |
| <b>5. NCC – Maytas – ZVS JV</b>                                                        |                                      |                                      |
| Receipt against share of profit                                                        | (0.35)                               | (0.08)                               |

\*\* Represents other venture's share in the transactions with the joint ventures

|                                                                                                     | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>C. Associate</b>                                                                                 |                         |                         |
| <b>Hill County Properties Limited</b>                                                               |                         |                         |
| - Loans repaid                                                                                      | -                       | (240.15)                |
| - Interest income                                                                                   | 12.82                   | 32.64                   |
| - Interest converted into Loan                                                                      | 9.99                    | 48.63                   |
| - Reimbursement of expenses received                                                                | -                       | 0.71                    |
| - Revenue from Contracts (excluding project work in progress)                                       | 3.18                    | 10.83                   |
| - Reimbursement of expenses incurred                                                                | 2.81                    | -                       |
| The Company has provided internal audit services to Hill County Properties Limited free of charge.  |                         |                         |
| <b>D. Enterprises over which key management personnel is able to exercise significant influence</b> |                         |                         |
| <b>IL&amp;FS Transportation Networks Limited</b>                                                    |                         |                         |
| <b>Hill County Properties Limited</b>                                                               |                         |                         |
| - Contract revenue (excluding project work-in-progress)                                             | 112.56                  | -                       |
| - Sale of property, plant and equipment                                                             | 66.33                   | -                       |
| - Lease rental                                                                                      | 0.22                    | -                       |
| - Reimbursement of expense incurred                                                                 | 0.33                    | -                       |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

|                                                                              | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>E. Key management personnel</b>                                           |                         |                         |
| 1. <b>Murlidhar Khattar</b><br>Professional charges/ Managerial Remuneration | 0.77                    | 1.57                    |
| 2. <b>Dr. S N Mukherjee</b><br>Professional charges                          | 0.81                    | 0.79                    |
| 3. <b>Mr. Sushil Dudeja</b><br>Remuneration                                  | 0.25                    | -                       |
| 4. <b>Mr. G Venkateshwar Reddy</b><br>Remuneration                           | -                       | 0.31                    |

## III. Balances outstanding debit / (credit):

|                                                                                                                                                | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>A. Investing party in respect of which the reporting enterprise is an associate</b><br>Infrastructure Leasing & Financial Services Limited* |                         |                         |
| - Long-term secured loan                                                                                                                       | (1012.86)               | (983.61)                |
| - Interest accrued and not due                                                                                                                 | (293.32)                | (174.15)                |
| - Trade payables                                                                                                                               | (6.41)                  | (0.97)                  |

\*Excluding bank guarantee/ letter of credit of Rs. 511.19 (March 31, 2016: Rs. 267.71) given on behalf of the Company against which the Company had given corporate guarantees in the nature of counter guarantees to the extent of Rs. 430.46 (March 31, 2016: Rs. 190.96). The Company had also given corporate guarantee of Rs. 125 (March 31, 2016: Rs. 125) for availing Letter of credit facilities from its bankers

Infrastructure Leasing and Financial Services Limited has provided letter of comfort to banks for cash credit facilities from banks aggregating to Rs. 231.77 (March 31, 2016: Rs. 216.15)

|                                                                                                                                                         | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>B. Joint ventures</b>                                                                                                                                |                         |                         |
| 1. NEC – NCC – Maytas (JV)                                                                                                                              | (0.55)                  | (0.55)                  |
| 2. Maytas – NCC (JV)                                                                                                                                    | 3.03                    | 3.23                    |
| 3. NCC – Maytas (JV)                                                                                                                                    | 0.00                    | 0.01                    |
| 4. NCC – Maytas (JV) (Singapore Class Township)                                                                                                         | -                       | 0.04                    |
| 5. Maytas – CTR- JV                                                                                                                                     | 16.33                   | 16.49                   |
| 6. NCC – Maytas – ZVS                                                                                                                                   | -                       | (0.01)                  |
| <b>C. Associate</b><br><b>Hill County Properties Limited</b>                                                                                            |                         |                         |
| - Inter corporate deposits unsecured                                                                                                                    | 125.84                  | 115.85                  |
| - Interest accrued                                                                                                                                      | 7.57                    | 4.66                    |
| - Other receivables                                                                                                                                     | 0.59                    | 0.59                    |
| - Trade receivables (including retention money)                                                                                                         | 46.16                   | 88.72                   |
| - Investment                                                                                                                                            | 0.08                    | 0.08                    |
| <b>D. Enterprises over which key management personnel is able to exercise significant influence</b><br><b>IL&amp;FS Transportation Networks Limited</b> |                         |                         |
| - Trade receivables (including retention money)                                                                                                         | 28.25                   | -                       |
| - Other receivables                                                                                                                                     | 66.33                   | -                       |
| - Lease rental payable                                                                                                                                  | 0.22                    | -                       |
| - Other payable                                                                                                                                         | 0.33                    | -                       |
| <b>E. Key management personnel</b>                                                                                                                      |                         |                         |
| 1. <b>Dr. S N Mukherjee</b><br>Professional charges                                                                                                     | 0.13                    | 0.07                    |
| 3. <b>Mr. Sushil Dudeja</b><br>Remuneration                                                                                                             | 0.04                    | -                       |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## IV. Provisions against balances outstanding:

|                                                 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-------------------------------------------------|-------------------------|-------------------------|
| <b>A. Joint Ventures</b>                        |                         |                         |
| 1. Maytas - NCC (JV)                            | (1.82)                  | (1.82)                  |
| 2. Maytas - CTR JV                              | (16.33)                 | (13.11)                 |
| 3. NCC – Maytas (JV)                            | (0.92)                  | (0.03)                  |
| 4. NCC – Maytas (JV) (Singapore Class Township) | (0.03)                  | (0.18)                  |

## 40. Employee Stock Option Scheme (ESOS):

The Company has provided various share-based payment schemes to its employees. As at March 31, 2017 the following scheme were in operation:

| Particulars                             | ESOS- 2009 (Grant II)                                                                                                                                                                                                                                                                                           |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of grant                           | June 28, 2012                                                                                                                                                                                                                                                                                                   |
| Date of Remuneration Committee approval | June 28, 2012                                                                                                                                                                                                                                                                                                   |
| Date of Shareholder's approval          | November 09, 2009                                                                                                                                                                                                                                                                                               |
| Number of options granted               | 2,849,984                                                                                                                                                                                                                                                                                                       |
| Method of Settlement (Cash / Equity)    | Equity                                                                                                                                                                                                                                                                                                          |
| Vesting Period                          | <b>Vesting Option 1:</b><br>Options vest on an annual basis at 30%, 30% and 40% over a period of three years<br><b>Vesting Option 2:</b><br>Options vest on an annual basis at 40% and 60% over a period of two years<br><b>Vesting Option 3:</b><br>Options vest totally after one year from the date of grant |
| Exercise Period                         | 3 Years from the date of vesting                                                                                                                                                                                                                                                                                |

## (I) The details of activity under Grant II of ESOS – 2009 have been summarized below:

| Particulars                                                                 | For the year ended<br>March 31, 2017 |                                                 | For the year ended<br>March 31, 2016 |                                                 |
|-----------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------|--------------------------------------|-------------------------------------------------|
|                                                                             | Number of Options                    | Weighted average exercise price (Rs. per share) | Number of options                    | Weighted average exercise price (Rs. per share) |
| Outstanding at the beginning of the year                                    | 422,590                              | 58.90                                           | 757,553                              | 58.90                                           |
| Granted during the year                                                     | -                                    | -                                               | -                                    | -                                               |
| Forfeited during the year                                                   | 97,137                               | 58.90                                           | 191,110                              | 58.90                                           |
| Exercised during the year                                                   | -                                    | -                                               | 135,853                              | 58.90                                           |
| Expired during the year                                                     | 106,737                              | 58.90                                           | -                                    | -                                               |
| Outstanding at the end of the year                                          | 218,716                              | 58.90                                           | 422,590                              | 58.90                                           |
| Exercisable at the end of the year                                          | 218,716                              | 58.90                                           | 422,590                              | 58.90                                           |
| Weighted average remaining contractual life (in years)                      | 1.24                                 | -                                               | 2.24                                 | -                                               |
| Weighted average fair value of options on the date of grant (Rs. per share) | 26.18                                | -                                               | 26.18                                | -                                               |

The details of exercise price for stock options outstanding at the end of the year for ESOS-2009 scheme:

| Year      | Exercise prices (Rs. per share) | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (Rs. per share) |
|-----------|---------------------------------|-------------------------------|-------------------------------------------------------------------|-------------------------------------------------|
| 2016 – 17 | 58.90                           | 218,716                       | 1.24                                                              | 58.90                                           |
| 2015 – 16 | 58.90                           | 422,590                       | 2.24                                                              | 58.90                                           |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

|                                           | ESOS 2009<br>Grant II |
|-------------------------------------------|-----------------------|
| Expected volatility                       | 54.38%                |
| Risk-free interest rate                   | 8.38%                 |
| Weighted average share price (Rs.)        | 58.90                 |
| Exercise price (Rs.)                      | 58.90                 |
| Expected life of options granted in years | 2.5 – 5.5 years       |

Effect of the above ESOS plans on the statement of profit and loss and on its financial position:

| Particulars                                                              | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|--------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Total Employee Compensation Cost pertaining to share based payment plans | -                                    | -                                    |
| Less: Liability for employee stock options outstanding at the year end   | -                                    | -                                    |

In March 2005, the Institute of Chartered Accountants of India had issued a Guidance Note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said Guidance Note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the Financial Statements. Applying the fair value based method defined in the said Guidance Note, the impact on the reported net profit and earnings per share would be as follows as the Company has used intrinsic value method for accounting of employee share based payments:

| Particulars                                                                    | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|--------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Profit/(Loss) considered for EPS (Refer note 26)                               | (28.83)                              | (332.45)                             |
| Add: Employee stock compensation under intrinsic value method                  | -                                    | -                                    |
| Less: Employee stock compensation expense / (reversal) under fair value method | (0.53)                               | (2.10)                               |
| Proforma loss                                                                  | (28.30)                              | (330.35)                             |
| <b>Earnings Per Share (Rs.)</b>                                                |                                      |                                      |
| <b>Basic</b>                                                                   |                                      |                                      |
| - As reported                                                                  | (2.38)                               | (28.35)                              |
| - Proforma                                                                     | (2.33)                               | (28.17)                              |
| <b>Diluted</b>                                                                 |                                      |                                      |
| - As reported                                                                  | (2.38)                               | (28.35)                              |
| - Proforma                                                                     | (2.33)                               | (28.17)                              |

## 41. Auditor's remuneration (including Service Tax):

| Particulars                                      | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2016 |
|--------------------------------------------------|--------------------------------------|--------------------------------------|
| Statutory audit                                  | 0.81                                 | 0.81                                 |
| Limited review                                   | 0.35                                 | 0.34                                 |
| Certification and other services                 | 0.85                                 | 0.23                                 |
| Audit fees for consolidated financial statements | 0.17                                 | 0.17                                 |
| Out of pocket expenses                           | 0.06                                 | 0.05                                 |
| <b>Total</b>                                     | <b>2.24</b>                          | <b>1.60</b>                          |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

42. The aggregate amount of the gross assets, liabilities, income and expenses related to the Group's share in the joint ventures included in these consolidated financial statements as of and for the year ended March 31, 2017 are given below:

| Particulars                              | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|------------------------------------------|-------------------------|-------------------------|
| <b>Consolidated Balance Sheet:</b>       |                         |                         |
| <b>Non-current assets</b>                |                         |                         |
| Property, plant and equipment            | -                       | 0.05                    |
| Deferred tax assets (net)                | -                       | 0.02                    |
| Long-term loans and advances             | 0.87                    | 1.04                    |
| Other non-current assets                 | 21.04                   | 19.33                   |
| <b>Total Non-current assets</b> (A)      | <b>21.91</b>            | <b>20.44</b>            |
| <b>Current assets</b>                    |                         |                         |
| Inventories                              | 24.01                   | 24.20                   |
| Trade receivables                        | 18.15                   | 23.13                   |
| Cash and bank balances                   | 2.14                    | 0.51                    |
| Short-term loans and advances            | 23.87                   | 24.44                   |
| Other current assets                     | 0.03                    | 0.02                    |
| <b>Total current assets</b> (B)          | <b>68.19</b>            | <b>72.30</b>            |
| <b>Total Assets (A+B)</b>                | <b>90.10</b>            | <b>92.74</b>            |
| <b>Non-current liabilities</b>           |                         |                         |
| Other long-term liabilities              | 29.53                   | 27.98                   |
| <b>Total Non-current liabilities</b> (C) | <b>29.53</b>            | <b>27.98</b>            |
| <b>Current liabilities</b>               |                         |                         |
| Trade payables                           | 19.93                   | 24.91                   |
| Other current liabilities                | 40.33                   | 39.54                   |
| Short-term provisions                    | 0.31                    | 0.31                    |
| <b>Total Current liabilities</b> (D)     | <b>60.57</b>            | <b>64.76</b>            |
| <b>Total Liabilities</b> (C+D)           | <b>90.10</b>            | <b>92.74</b>            |

## Consolidated statement of profit and loss:

| Particulars                           | For the year<br>ended<br>March 31, 2017 | For the year<br>ended<br>March 31, 2016 |
|---------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Income</b>                         |                                         |                                         |
| Revenue from operations               | 85.65                                   | 95.86                                   |
| Other income                          | 0.63                                    | 0.01                                    |
| <b>Total Income</b> (A)               | <b>86.28</b>                            | <b>95.87</b>                            |
| <b>Expenditure</b>                    |                                         |                                         |
| Cost of materials consumed            | 0.02                                    | -                                       |
| Decrease in Work-in-progress          | -                                       | (1.60)                                  |
| Employee benefits expense             | -                                       | -                                       |
| Sub-contract expenses                 | 80.50                                   | 91.35                                   |
| Other expenses                        | 0.06                                    | 0.03                                    |
| Financial costs                       | 0.00                                    | -                                       |
| Depreciation and amortization expense | 0.02                                    | 0.03                                    |
| <b>Total Expenditure</b> (B)          | <b>80.60</b>                            | <b>89.81</b>                            |
| <b>Profit before tax</b> (C = A-B)    | <b>5.68</b>                             | <b>6.06</b>                             |
| <b>Provision for taxation</b>         |                                         |                                         |
| - Current tax                         | 2.00                                    | 2.11                                    |
| - Tax for earlier years               | (2.11)                                  | -                                       |
| - Deferred tax                        | 0.02                                    | -                                       |
| <b>Total tax expense</b> (D)          | <b>(0.09)</b>                           | <b>2.11</b>                             |
| <b>Profit after tax</b> (C-D)         | <b>5.77</b>                             | <b>3.95</b>                             |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 43. Hedged and un-hedged foreign currency exposure:

The Company has not hedged any of its foreign currency exposures. Particulars of un-hedged foreign currency exposure as at March 31, 2017 are detailed below at the exchange rate prevailing at the reporting date:

| Particulars                                   | As at<br>March 31, 2017       |                  | As at<br>March 31, 2016       |                  |
|-----------------------------------------------|-------------------------------|------------------|-------------------------------|------------------|
|                                               | Amount in<br>Foreign currency | Amount in<br>Rs. | Amount in<br>Foreign currency | Amount in<br>Rs. |
| Trade receivables (including retention money) | -                             | -                | AED 2.36                      | 42.50            |
| Advances given                                | AED 0.01                      | 0.09             | AED 0.01                      | 0.09             |
| Other receivables                             | USD 0.17                      | 10.85            | AED 0.11                      | 2.01             |
| Bank balances                                 | AED 0.00                      | 0.07             | AED 0.01                      | 0.22             |
| Trade payables                                | AED 0.01                      | 0.16             | AED 0.05                      | 0.97             |
| Security deposit payable                      | -                             | -                | AED 1.58                      | 28.49            |
| Advance billing                               | -                             | -                | AED 0.05                      | 0.96             |

## 44. Net assets and share in profit / (loss) of components in absolute numbers and as a percentage of Net assets and share in profit / (loss) as per consolidated financial statements:

| Name of the entity                                              | March 31, 2017                                               |                 |                                           |                | March 31, 2016                                               |                 |                                           |                 |
|-----------------------------------------------------------------|--------------------------------------------------------------|-----------------|-------------------------------------------|----------------|--------------------------------------------------------------|-----------------|-------------------------------------------|-----------------|
|                                                                 | Net Assets, i.e., total<br>assets minus total<br>liabilities |                 | Share in profit / (loss)                  |                | Net Assets, i.e., total<br>assets minus total<br>liabilities |                 | Share in profit / (loss)                  |                 |
|                                                                 | As % of<br>consolidated<br>net assets                        | Amount          | As % of<br>consolidated<br>profit or loss | Amount         | As % of<br>consolidated<br>net assets                        | Amount          | As % of<br>consolidated<br>profit or loss | Amount          |
| <b>Parent</b>                                                   | (81.32%)                                                     | 125.91          | (8.86%)                                   | 2.30           | (103.20%)                                                    | 123.60          | 57.87%                                    | (188.52)        |
| <b>Subsidiaries</b>                                             |                                                              |                 |                                           |                |                                                              |                 |                                           |                 |
| <i>Indian</i>                                                   |                                                              |                 |                                           |                |                                                              |                 |                                           |                 |
| Maytas Infra Assets Limited                                     | 7.44%                                                        | (11.52)         | 0.02%                                     | (0.01)         | 9.62%                                                        | (11.52)         | 0.00%                                     | (0.00)          |
| Maytas Vasista Varadhi Limited                                  | (0.03%)                                                      | 0.05            | -                                         | -              | (0.04%)                                                      | 0.05            | -                                         | -               |
| Maytas Metro limited                                            | 2.67%                                                        | (4.13)          | -                                         | -              | 3.45%                                                        | (4.13)          | -                                         | -               |
| Angeerasa Green Fields Pvt. Ltd.                                | 0.02%                                                        | (0.03)          | 0.02%                                     | (0.00)         | 0.03%                                                        | (0.03)          | 0.00%                                     | (0.00)          |
| Ekadanta Green Fields Pvt. Ltd.                                 | 0.03%                                                        | (0.04)          | 0.02%                                     | (0.00)         | 0.03%                                                        | (0.04)          | 0.00%                                     | (0.00)          |
| Saptaswara Agro Farms Pvt. Ltd.                                 | 0.18%                                                        | (0.28)          | 0.02%                                     | (0.00)         | 0.23%                                                        | (0.28)          | 0.00%                                     | (0.00)          |
| <i>Foreign</i>                                                  |                                                              |                 |                                           |                |                                                              |                 |                                           |                 |
| Maytas Infra Saudi Arabia Company,<br>Limited Liability Company | 231.87%                                                      | (359.04)        | 197.41%                                   | (51.25)        | 254.61%                                                      | (304.95)        | 76.32%                                    | (248.61)        |
| <b>Minority interests in all subsidiaries</b>                   | (71.65%)                                                     | 110.94          | (88.83%)                                  | 23.06          | (78.62%)                                                     | 94.16           | (34.19%)                                  | 111.37          |
| <b>Joint Ventures (Indian)</b>                                  |                                                              |                 |                                           |                |                                                              |                 |                                           |                 |
| Maytas NCC JV                                                   | (3.92%)                                                      | 6.08            | (19.97%)                                  | 5.18           | (4.07%)                                                      | 4.88            | (1.11%)                                   | 3.63            |
| NEC-NCC-Maytas (JV)                                             | 0.00%                                                        | -               | (0.01%)                                   | 0.00           | -                                                            | -               | -                                         | -               |
| NCC-Maytas (JV)                                                 | 0.00%                                                        | -               | 0.00%                                     | (0.00)         | -                                                            | -               | 0.00%                                     | (0.00)          |
| NCC-Maytas (JV) (Singapore Class<br>Township)                   | (0.69%)                                                      | 1.06            | 0.09%                                     | (0.02)         | (0.74%)                                                      | 0.89            | 0.00%                                     | (0.00)          |
| Maytas – CTR (JV)                                               | (2.11%)                                                      | 3.27            | 0.00%                                     | -              | (2.73%)                                                      | 3.27            | (0.02%)                                   | 0.07            |
| NCC – Maytas – ZVS (JV)                                         | (0.13%)                                                      | 0.21            | (2.32%)                                   | 0.60           | (0.14%)                                                      | 0.17            | (0.08%)                                   | 0.25            |
| Consolidation adjustments                                       | 17.64%                                                       | (27.32)         | 22.42%                                    | (5.82)         | 21.57%                                                       | (25.84)         | 1.21%                                     | (3.94)          |
| <b>Total</b>                                                    | <b>100.00%</b>                                               | <b>(154.84)</b> | <b>100.00%</b>                            | <b>(25.96)</b> | <b>100.00%</b>                                               | <b>(119.77)</b> | <b>100.00%</b>                            | <b>(325.75)</b> |

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

## 45. Leases:

### In case of assets taken on lease:

**Operating lease:** Operating leases are mainly in the nature of lease of office premises and machinery with no restrictions and are renewable at mutual consent. There are no restrictions imposed by lease arrangements. There are no subleases

Minimum lease payments (MLP) under non-cancellable operating leases are:

| Particulars                                       | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------------------|-------------------------|-------------------------|
| <b>Minimum Lease Payments</b>                     |                         |                         |
| Not later than one year                           | 22.52                   | 0.16                    |
| Later than one year but not later than five years | 33.78                   | -                       |
| Later than five years                             | -                       | -                       |
|                                                   | <b>56.31</b>            | <b>0.16</b>             |

**Finance lease:** The present value of minimum lease rentals is capitalized as property, plant and equipment with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to the Statement of Profit and Loss as they arise. During the year the Company has purchased construction equipment under finance lease. The tenure of the lease is four years. The lease agreement provides for a fixed monthly lease rents over the period of lease term

| Particulars                                    | March 31, 2017   |                      | March 31, 2016   |                      |
|------------------------------------------------|------------------|----------------------|------------------|----------------------|
|                                                | Minimum payments | Present value of MLP | Minimum payments | Present value of MLP |
| Within one year                                | 1.52             | 1.15                 | 1.52             | 1.00                 |
| After one year but not more than five years    | 2.30             | 2.06                 | 3.82             | 3.21                 |
| More than five years                           | -                | -                    | -                | -                    |
| Total minimum lease payments                   | 3.82             | 3.21                 | 5.34             | 4.21                 |
| Less: amounts representing finance charges     | (0.61)           | -                    | (1.13)           | -                    |
| <b>Present value of minimum lease payments</b> | <b>3.21</b>      | <b>3.21</b>          | <b>4.21</b>      | <b>4.21</b>          |

| Particulars                                                           | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|-----------------------------------------------------------------------|-------------------------|-------------------------|
| Total minimum lease payments during the year                          | 1.00                    | 0.74                    |
| Less: amount representing finance charges                             | (0.69)                  | (0.31)                  |
| <b>Present value of minimum lease payments (rate of interest 14%)</b> | <b>0.31</b>             | <b>0.43</b>             |

### In case of Assets given on lease:

Certain assets of the Company which are leased out but have no fixed lease terms. Accordingly, no disclosure regarding future minimum lease payments has been made

46. 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), wherein the Company was also a contributory. As at March 31, 2017, the Investment of the Company includes Rs. 259.67 (March 31, 2016: Rs. 259.67) contributed towards these PTCs and has receivables loans and advances and Investments aggregating to Rs. 199.83 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

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

47. As at March 31, 2017, the Company has accrued proportionate revenue to the extent of percentage of completion in case of various projects of which balance as at March 31, 2017 amounts to Rs. 292.24 (including claims accounted during the year amounting to Rs. 76.49 and Rs.109.44) and interest of Rs. 188.58 (including interest of Rs. 88.13 recognised during the year ended March 31, 2017) for non-payment of project dues, delays due to handing over of the land, drawings, etc. for project execution which are in various stages of arbitration/ appeal with Hon'ble High Court of New Delhi/ advanced stages of negotiations with customers and have been recognised based on Honorable Supreme Court order/ arbitration award/ completion of arbitration proceedings/ provisions in agreement and supported by the Extension of Time recommended by the Independent Engineers. Further, in one of the aforesaid projects, the customer had withheld an amount of Rs. 17.30 as liquidated damages for delays in project completion which is also dependent on the aforesaid judicial proceedings

Since these claims are technical in nature and subject to judicial process, the Company has obtained legal opinion on the recoverability of such claims including interest 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 including interest 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

48. Losses attributable to minority in excess of minority interest in the equity of subsidiary have not been adjusted to reserves and surplus as there is a binding obligation
49. All amounts less than Rs. 0.01 have been disclosed as Rs. 0.00
50. Previous year's figures have been regrouped/rearranged to confirm to those of the current year

As per our report of even date

## For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

### per Vikas Kumar Pansari

Partner

Membership No: 093649

## For and on behalf of the board of directors of

IL&FS Engineering and Construction Company Limited

### Ramchand K

Chairman

DIN: 00051769

### Mukund Sapre

Managing Director

DIN: 00051841

### Dr. S N Mukherjee

Chief Financial Officer

### Sushil Dudeja

Company Secretary

Place : Mumbai

Date : May 29, 2017

Place : Mumbai

Date : May 29, 2017

# Notes to Consolidated Financial Statements for the year ended March 31, 2017

(All amounts in Rs Crore except for share data or as otherwise stated)

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

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017<br>[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016] |    |                                                                     |                                                                                            |                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
|                                                                                                                                                                 | #  | Particulars                                                         | Audited Figures (as reported before adjusting for qualifications)<br>(Amount in Rs. Lakhs) | Adjusted Figures (audited figures after adjusting for qualifications)<br>(Amount in Rs. Lakhs) |
| I.                                                                                                                                                              | 1. | Turnover / Total income                                             | 190,640                                                                                    | 190,640                                                                                        |
|                                                                                                                                                                 | 2. | Total Expenditure *                                                 | 214,571                                                                                    | 214,571                                                                                        |
|                                                                                                                                                                 | 3. | Net Profit/(Loss)                                                   | (2,596)                                                                                    | (2,596)                                                                                        |
|                                                                                                                                                                 | 4. | Earnings Per Share                                                  | (2.38)                                                                                     | (2.38)                                                                                         |
|                                                                                                                                                                 | 5. | Total Assets                                                        | 431,036                                                                                    | 431,036                                                                                        |
|                                                                                                                                                                 | 6. | Total Liabilities                                                   | 446,520                                                                                    | 446,520                                                                                        |
|                                                                                                                                                                 | 7. | Net Worth                                                           | (4,390)                                                                                    | (4,390)                                                                                        |
|                                                                                                                                                                 | 8. | Any other financial item(s) (as felt appropriate by the management) | Refer EOM's given in the Audit Report                                                      |                                                                                                |

\*Refer Sl. No. 5 of the Annual Audited consolidated Financial Results

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| II. | <b>Audit Qualification (each audit qualification separately):</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|     | <b>a. Details of Audit Qualification:</b><br>As detailed in Note 5, the accompanying statement includes aggregate assets of Rs. 1,223 lakhs and aggregate revenues of Rs. 33 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, 2017 been available and accordingly we are unable to comment on the same |
|     | <b>b. Type of Audit Qualification :</b> Qualified Opinion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|     | <b>c. Frequency of qualification:</b> First time reported in the year ended March 31, 2016.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | <b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|     | <b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|     | <b>(i) Management's estimation on the impact of audit qualification:</b><br>Any adverse effect on financials of the Company is unlikely                                                                                                                                                                                                                                                                                                                                                                                                                |
|     | <b>(ii) If management is unable to estimate the impact, reasons for the same:</b><br>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                                                                                                                                                                                                                                                                                       |
|     | <b>(iii) Auditors' Comments on e (i) or e (ii) above:</b><br>As stated in Point II(a) above                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Vikas Kumar Pansari

Partner

Membership No: 093649

For IL&FS Engineering and Construction Company Limited

Mukund Sapre

Managing Director

DIN: 00051841

Debabrata Sarkar

Chairman – Audit Committee

DIN : 02502618

Place : Mumbai

Date : May 29, 2017

Dr S N Mukherjee

Chief Financial Officer

**IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED**
**CIN: L45201AP1988PLC008624**

Regd. Office : Door No: 8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No. 2, Banjara Hills, Hyderabad – 500 033

Phone : 040 40409333; Fax : 040 40409444; Email : cs@ilfsengg.com

Website : www.ilfsengg.com

## ATTENDANCE SLIP

I/We ..... hereby record my/our presence at the 28th Annual General Meeting being held on Monday, August 28, 2017 at 2.30 P.M. at KLN Prasad Auditorium, 3rd Floor, the Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad - 500 004

Name of the Member / Proxy\* ..... No. of shares held .....

|           |             |         |
|-----------|-------------|---------|
| Folio No. | Client ID : | DP ID : |
|-----------|-------------|---------|

|                     |  |
|---------------------|--|
| Signature of Member |  |
|---------------------|--|

\*Strikeout whichever is not applicable

**Note:**

- Member/Proxy intending to attend the Meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
- Member/Proxy should bring his/her copy of the Annual Report

## FORM No. MGT-11

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**CIN: L45201AP1988PLC008624**
**Name of the company: IL&FS Engineering and Construction Company Limited**
**Registered office: 8-2-120/113/3/4F, Sanali Info Park, Cyber Towers, Road No.2, Banjara Hills, Hyderabad - 500 033.**

|                                                    |  |                      |  |
|----------------------------------------------------|--|----------------------|--|
| Name of the Member (s):<br><br>Registered address: |  | E-mail Id:           |  |
|                                                    |  | Folio No/ Client Id: |  |
|                                                    |  | DP ID:               |  |

I/We, being the Member (s) of ..... shares of the above named company, hereby appoint

|    |                                 |
|----|---------------------------------|
| 1. | Name: .....                     |
|    | Address: .....                  |
|    | E-mail Id: .....                |
|    | Signature: ..... or failing him |

|    |                                 |
|----|---------------------------------|
| 2. | Name: .....                     |
|    | Address: .....                  |
|    | E-mail Id: .....                |
|    | Signature: ..... or failing him |

|    |                  |
|----|------------------|
| 3. | Name: .....      |
|    | Address: .....   |
|    | E-mail Id: ..... |
|    | Signature: ..... |

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on Monday, August 28, 2017 at 2.30 P.M. at KLN Prasad Auditorium, 3rd Floor, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, FTAPCCI House, 11-6-841, Red Hills, Hyderabad – 500 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

| S.No. | Resolution(s) Description                                                                                                                                                                                                                                         | For | Against |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
|       | <b>Ordinary Business:</b>                                                                                                                                                                                                                                         |     |         |
| 1     | To consider and adopt financial statements of the Company                                                                                                                                                                                                         |     |         |
| 2     | To appoint a Director in place of Mr Saleh Mohammed A Binladen (DIN: 03604752), who retires by rotation and, being eligible, offers himself, for re-appointment                                                                                                   |     |         |
| 3     | To consider appointment of Joint Statutory Auditors of the Company in place of retiring auditors                                                                                                                                                                  |     |         |
|       | <b>Special Business:</b>                                                                                                                                                                                                                                          |     |         |
| 4     | To ratify remuneration payable to Cost Auditors for FY 2018                                                                                                                                                                                                       |     |         |
| 5     | To appoint Mr Ganapathi Ramachandran (DIN: 00210430) as a Non-Executive Independent Director of the Company                                                                                                                                                       |     |         |
| 6     | To appoint Ms Sutapa Banerjee (DIN: 02844650) as a Non-Executive Independent Director of the Company                                                                                                                                                              |     |         |
| 7     | To appoint Mr Bhaskar Chatterjee (DIN: 01433538) as a Non-Executive Independent Director of the Company                                                                                                                                                           |     |         |
| 8     | To appoint Mr Mukund Sapre (DIN 00051841) as a Director of the Company                                                                                                                                                                                            |     |         |
| 9     | To appoint Mr Mukund Sapre (DIN 00051841) as Managing Director of the Company                                                                                                                                                                                     |     |         |
| 10    | To approve issuance of Non- Convertible Debentures for an amount upto Rs 3,000 million                                                                                                                                                                            |     |         |
| 11    | To grant omnibus approval for Material Related Party Transactions                                                                                                                                                                                                 |     |         |
| 12    | To approve Material Related Party Transaction with Infrastructure Leasing and Financial Services Limited, Promoter of the Company for obtaining letter of comfort/awareness, undertaking, indemnity, guarantee, etc., for the purpose of borrowing by the Company |     |         |

Signed this ..... day of ..... 20.....  
Signature of Member

Affix a  
Rs.1/-  
Revenue  
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

#### Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



RE Works for West Bengal State Electricity Distribution Company Limited (WBSEDCL) in 24- Paraganas (South) District, West Bengal



RE Works for West Bengal State Electricity Distribution Company Limited (WBSEDCL) in 24- Paraganas (South) District, West Bengal



Four Laning of Kiratpur Ner Chowk Section of NH-21, Himachal Pradesh



Rapid MetroRail Gurgaon Project, Gurgaon, Haryana



DLF Road Project, Gurgaon, Haryana



DLF Road Project, Gurgaon, Haryana

BOOK-POST



If undelivered, please return to:

 | Engineering Services

IL&FS Engineering and Construction Company Limited  
CIN - L45201AP1988PLC008624

**Registered Office:** Door No. 8-2-120/113/3/4F, Sanali Info Park  
Cyber Towers, Road No. 2, Banjara Hills, Hyderabad, 500 033  
Phone: +91-40-4040 9333  
Fax: +91-40-4040 9444  
[www.ilfsengg.com](http://www.ilfsengg.com) / [info@ilfsengg.com](mailto:info@ilfsengg.com)

